



**Amendment No. 5
of
Contract No. PA170000001
fo
Actuarial Services for Workers Compensation Program
between
Aon Risk Consultants, Inc.
Dba Aon Global Risk Consulting
and
The City of Austin**

1.0 The Contract is hereby amended as follows: Change name to Aon Risk Insurance Services West, Inc. as requested and documented by the vendor:

	From	To
Vendor Name	Aon Risk Consultants, Inc. Dba Aon Global Risk Consulting	Aon Risk Insurance Services West, Inc.
Vendor Code (for City use only)	V00000102104	VC0000102976
Vendor Federal Tax ID (FEIN)	<div style="background-color: black; width: 100px; height: 1.2em;"></div>	<div style="background-color: black; width: 100px; height: 1.2em;"></div>

2.0 All other terms and conditions of the Contract remain unchanged and in full force and effect.

BY THE SIGNATURE affixed below, this Amendment No. 5 is hereby incorporated into and made a part of the Contract.



Cindy Reyes
Contract Management Specialist III
City of Austin, Purchasing Office



Date



Amendment No. 4
of
Contract No. PA170000001
for
Actuarial Services for Workers' Compensation Program
between
Aon Risk Consultants, Inc. dba Aon Global Risk Consulting
and the
City of Austin

- 1.0 The City hereby exercises the extension option for the above-referenced contract. Effective October 11, 2019, to October 10, 2020. Two (2) options remain.
- 2.0 The total Contract amount is increased by \$4,500.00 for the extension option period. The total Contract authorization is recapped below:

Term	Contract Amount	Total Contract Amount
Basic Term: 10/11/16 – 10/10/17	\$4,500.00	\$4,500.00
Amendment No. 1: Vendor Change	\$0.00	\$4,400.00
Amendment No. 2: Option 1 10/11/17 – 10/10/18	\$4,500.00	\$9,000.00
Amendment No. 3: Option 2 10/11/2018 – 10/10/2019 Correnction: Amendment No. 1 was a vendor change. See COA Exhibit A	\$4,500.00	13,500.00
Amendment No. 4: Option 3 – Extension 10/11/2019 – 10/10/2020	\$4,500.00	\$18,000.00

- 3.0 MBE/WBE goals were not established for this contract.
- 4.0 By signing this Amendment the Contractor certifies that the Contractor and its principals are not currently suspended or debarred from doing business with the Federal Government, as indicated by the General Services Administration (GSA) List of Parties Excluded from Federal Procurement and Non-Procurement Programs, the State of Texas, or the City of Austin.
- 5.0 All other terms and conditions remain the same.

BY THE SIGNATURES affixed below, this Amendment is hereby incorporated into and made a part of the above-referenced contract.

Signature: William S. Deh
Authorized Representative

Signature: [Signature]
Brenita Selement, Procurement Specialist II
City of Austin
Purchasing Office

Aon Risk Consultants, Inc.
dba Aon Global Risk Consulting
1901 Main St. Ste. 300
Irvine, CA 92614-0512



Amendment No.3
of
Contract No. PA170000001
for
Actuarial Services for Workers' Compensation Program
between
Aon Risk Consultants, Inc. dba Aon Global Risk Consulting
and the
City of Austin

- 1.0 The City hereby exercises the extension option for the above-referenced contract. Effective October 11, 2018, to October 10, 2019. Three options will remain.
- 2.0 The total Contract amount is increased by \$4,500.00 for the extension option period. The total Contract authorization is recapped below:

Term	Contract Amount	Total Contract Amount
Basic Term: 10/11/2016 – 10/10/2017	\$4,500.00	\$4,500.00
Amendment No. 1: Vendor Change 03/27/2017	\$0.00	\$4,500.00
Amendment No. 2: Option 1 - Extension 10/11/2017 – 10/10/2018	\$4,500.00	\$9,000.00
Amendment No. 3: Option 2 – Extension 10/11/2018 – 10/10/2019 Correction: Amendment No. 1 was a Vendor Change. See COA Exhibit A	\$4,500.00	\$13,500.00

- 3.0 MBE/WBE goals were not established for this contract.
- 4.0 By signing this Amendment the Contractor certifies that the Contractor and its principals are not currently suspended or debarred from doing business with the Federal Government, as indicated by the General Services Administration (GSA) List of Parties Excluded from Federal Procurement and Non-Procurement Programs, the State of Texas, or the City of Austin.
- 5.0 All other terms and conditions remain the same.

BY THE SIGNATURES affixed below, this Amendment is hereby incorporated into and made a part of the above-referenced contract.

Signature: Mujtaba Dato
Mujtaba Dato, 9/27/2018
Authorized Representative

Aon Risk Consultants, Inc.
dba Aon Global Risk Consulting
1901 Main St. Ste. 300
Irvine, CA 92614-0512
(949) 608-6370
daniel.park@aon.com

Signature: Mike Zambrano 9-28-18
Mike Zambrano, Jr.
Contract Management Specialist III

City of Austin
Purchasing Office
124 West 8th Street, Suite 310
Austin, Texas 78701

Exhibit A



Amendment No. 2
of
Contract No. PA170000001
for

Amendment No. 1 was a Vendor
Change exercised on 03/27/2017.

Actuarial Services for Workers' Compensation Program
between
Aon Risk Consultants, Inc. dba Aon Global Risk Consulting
and the
City of Austin

- 1.0 The City hereby exercises the extension option for the above-referenced contract. Effective October 11, 2017, to October 10, 2018. Four options remain.
- 2.0 The total Contract amount is increased by \$4,500.00 for the extension option period. The total Contract authorization is recapped below:

Term	Contract Amount	Total Contract Amount
Basic Term: 10/11/16 – 10/10/17	\$4,500.00	\$4,500.00
Amendment No. 1: Option 1 10/11/17 – 10/10/18	\$4,500.00	\$9,000.00

- 3.0 MBE/WBE goals were not established for this contract.
- 4.0 By signing this Amendment the Contractor certifies that the Contractor and its principals are not currently suspended or debarred from doing business with the Federal Government, as indicated by the General Services Administration (GSA) List of Parties Excluded from Federal Procurement and Non-Procurement Programs, the State of Texas, or the City of Austin.
- 5.0 All other terms and conditions remain the same.

BY THE SIGNATURES affixed below, this Amendment is hereby incorporated into and made a part of the above-referenced contract.

Signature: Mujtaba Dato
Authorized Representative 9/28/2017

Signature: Beatrice Washington 9-28-17
Beatrice Washington, Contract Management Specialist III
City of Austin
Purchasing Office

Aon Risk Consultants, Inc.
dba Aon Global Risk Consulting
1901 Main St. Ste. 300
Irvine, CA 92614-0512



Amendment No. 1
to
Contract No. PA170000001
for
Actuarial Services for Workers' Compensation Program
Between
Aon Risk Consultants, Inc.
and the
City of Austin

1.0 The Contract is hereby amended as follows: Change the vendor information as requested and documented by the vendor.

	From	To
Vendor Name	Aon Risk Consultants, Inc.	Aon Risk Consultants, Inc. dba Aon Global Risk Consulting
Vendor Code	VC0000102104	VC0000102104
FEIN	[REDACTED]	[REDACTED]

2.0 All other terms and conditions of the Contract remain unchanged and in full force and effect.

BY THE SIGNATURE affixed below, this Amendment No. 1 is hereby incorporated into and made a part of the Contract.



Linell Goodin-Brown
Contract Compliance Supervisor
City of Austin, Purchasing Office



Date

**CONTRACT BETWEEN THE CITY OF AUSTIN ("CITY")
AND
AON RISK CONSULTANTS, INC. ("CONTRACTOR")
FOR
ACTUARIAL SERVICES FOR WORKERS' COMPENSATION PROGRAM
MA 5800 PA170000001**

The City accepts the Contractor's Proposal (as referenced in Section 1.1.3 below) for the above requirement and enters into the following Contract.

This Contract is between Aon Risk Consultants, Inc. having offices at 1901 Main Street, Suite 300, Irvine, California 92614, and the City, a home-rule municipality incorporated by the State of Texas, and is effective as of the date executed by the City ("Effective Date").

Capitalized terms used but not defined herein have the meanings given them in Solicitation Number RFP 5800 TLF0304 (the "RFP").

1.1 This Contract is composed of the following documents:

- 1.1.1 This document
- 1.1.2 The City's Solicitation, RFP 5800 TLF0304 including all documents incorporated by reference
- 1.1.3 The Contractor's Proposal, dated September 6, 2016, including subsequent clarifications ("Contractor's Proposal").

1.2 Order of Precedence. Any inconsistency or conflict in the Contract documents shall be resolved by giving precedence in the following order:

- 1.2.1 This document
- 1.2.2 The City's Solicitation as referenced in Section 1.1.2, including all documents incorporated by reference
- 1.2.3 The Contractor's Proposal as referenced in Section 1.1.3, including subsequent clarifications.

1.3 Term of Contract. The Contract will be in effect for an initial term of 12 months and may be extended thereafter for up to five 12-month extension options, subject to the approval of the Contractor and the City Purchasing Officer or his designee. See the Term of Contract provision in Section 0400 of the RFP for additional Contract requirements.

1.4 Compensation. The Contractor shall be paid a total not-to-exceed amount of \$4,500 for the initial Contract term and \$4,500 for each extension option for a total not-to-exceed amount of \$27,000 as indicated in the Part IV – Fees Proposed of the Contractor's Proposal. Payment shall be made upon successful completion of services or delivery of goods as outlined in each individual Delivery Order.


1.5 Quantity of Work. There is no guaranteed quantity of work for the period of the Contract and there are no minimum order quantities. Work will be on an as needed basis as specified by the City for each Delivery Order.

This Contract (including any Exhibits) constitutes the entire agreement of the parties regarding the subject matter of this Contract and supersedes all prior and contemporaneous agreements and understandings, whether written or oral, relating to such subject matter. This Contract may be altered, amended, or modified only by a written instrument signed by the duly authorized representatives of both parties.

In witness whereof, the parties have caused a duly authorized representative to execute this Contract on the date set forth below.

AON RISK CONSULTANTS, INC.

Joseph Kilroy
Printed Name of Authorized Person


Signature

Managing Director & Actuary
Title:

10/11/16
Date:

CITY OF AUSTIN

Tracy Franklin
Printed Name of Authorized Person


Signature

Senior Buyer Specialist
Title:

10/11/16
Date:



CITY OF AUSTIN, TEXAS
Purchasing Office
REQUEST FOR PROPOSAL (RFP)
OFFER SHEET

SOLICITATION NO: RFP 5800 TLF0304

DATE ISSUED: August 8, 2016

REQUISITION NO.: 16072600594

COMMODITY CODE: 94612

**FOR CONTRACTUAL AND TECHNICAL
ISSUES CONTACT THE FOLLOWING
AUTHORIZED CONTACT PERSON:**

Tracy Franklin
Corporate Contract Administrator

Phone: (512) 974-2034

E-Mail: tracy.franklin@austintexas.gov

Sandy Brandt
Senior Buyer Specialist

Phone: (512) 974-1783

E-Mail: sandy.brandt@austintexas.gov

COMMODITY/SERVICE DESCRIPTION: Actuarial Services for
Workers' Compensation Program

PRE-PROPOSAL CONFERENCE TIME AND DATE: Monday,
August 22, 2016 at 10:00am CST

LOCATION: Municipal Building, 124 West 8th Street, Conference
Room 330.1, Austin, Texas 78701

Call in by dialing (512) 974-9300, participant code 464410

PROPOSAL DUE PRIOR TO: Thursday, September 8, 2016 at
2:00pm CST

PROPOSAL CLOSING TIME AND DATE: Thursday, September 8,
2016 at 2:00pm CST

LOCATION: MUNICIPAL BUILDING, 124 W 8th STREET
RM 308, AUSTIN, TEXAS 78701

LIVE SOLICITATION CLOSING ONLINE: For RFPs, only the
names of respondents will be read aloud.

For information on how to attend the Solicitation Closing online, please
select this link:

<http://www.austintexas.gov/departments/bid-opening-webinars>

When submitting a sealed Offer and/or Compliance Plan, use the proper address for the type of service desired, as shown below:

Address for US Mail (Only)	Address for FedEx, UPS, Hand Delivery or Courier Service
City of Austin	City of Austin, Municipal Building
Purchasing Office-Response Enclosed for RFP 5800 TLF0304	Purchasing Office-Response Enclosed for RFP 5800 TLF0304
P.O. Box 1088	124 W 8 th Street, Rm 308
Austin, Texas 78767-8845	Austin, Texas 78701
	Reception Phone: (512) 974-2500

NOTE: Offers must be received and time stamped in the Purchasing Office prior to the Due Date and Time. It is the responsibility of the Offeror to ensure that their Offer arrives at the receptionist's desk in the Purchasing Office prior to the time and date indicated. Arrival at the City's mailroom, mail terminal, or post office box will not constitute the Offer arriving on time. See Section 0200 for additional solicitation instructions.

All Offers (including Compliance Plans) that are not submitted in a sealed envelope or container will not be considered.

SUBMIT 1 ORIGINAL AND 1 ELECTRONIC COPY OF YOUR RESPONSE ON FLASH DRIVE

*****SIGNATURE FOR SUBMITTAL REQUIRED ON PAGE 3 OF THIS DOCUMENT*****

This solicitation is comprised of the following required sections. Please ensure to carefully read each section including those incorporated by reference. By signing this document, you are agreeing to all the items contained herein and will be bound to all terms.

SECTION NO.	TITLE	PAGES
0100	STANDARD PURCHASE DEFINITIONS	*
0200	STANDARD SOLICITATION INSTRUCTIONS	*
0300	STANDARD PURCHASE TERMS AND CONDITIONS	*
0400	SUPPLEMENTAL PURCHASE PROVISIONS	4
0500	SCOPE OF WORK	3
0600	PROPOSAL PREPARATION INSTRUCTIONS & EVALUATION FACTORS	3
0605	LOCAL BUSINESS PRESENCE IDENTIFICATION FORM – Complete and return	2
0800	NON-DISCRIMINATION CERTIFICATION	*
0805	NON-SUSPENSION OR DEBARMENT CERTIFICATION	*
0810	NON-COLLUSION, NON-CONFLICT OF INTEREST, AND ANTI-LOBBYING CERTIFICATION	*
0815	LIVING WAGES CONTRACTOR CERTIFICATION	1
0835	NONRESIDENT BIDDER PROVISIONS – Complete and return	1
0900	MBE/WBE PROCUREMENT PROGRAM PACKAGE NO GOALS FORM – Complete & return	2
	Attachment 1: List of Exhibits from the City's most recent actuarial report	2
	Attachment 2: Reference Information – Complete & return	1
	Attachment 3: Fee Proposal Summary – Complete & return	1

*** Documents are hereby incorporated into this Solicitation by reference, with the same force and effect as if they were incorporated in full text. The full text versions of the * Sections are available on the Internet at the following online address:**

http://www.austintexas.gov/financeonline/vendor_connection/index.cfm#STANDARDBIDDOCUMENTS

If you do not have access to the Internet, you may obtain a copy of these Sections from the City of Austin Purchasing Office located in the Municipal Building, 124 West 8th Street, Room #308 Austin, Texas 78701; phone (512) 974-2500. Please have the Solicitation number available so that the staff can select the proper documents. These documents can be mailed, expressed mailed, or faxed to you.

INTERESTED PARTIES DISCLOSURE

In addition, Section 2252.908 of the Texas Government Code requires the successful offeror to complete a Form 1295 “Certificate of Interested Parties” that is signed and notarized for a contract award requiring council authorization. The “Certificate of Interested Parties” form must be completed on the Texas Ethics Commission website, printed, signed and submitted to the City by the authorized agent of the Business Entity with acknowledgment that disclosure is made under oath and under penalty of perjury prior to final contract execution.

https://www.ethics.state.tx.us/whatsnew/elf_info_form1295.htm

The undersigned, by his/her signature, represents that he/she is submitting a binding offer and is authorized to bind the respondent to fully comply with the solicitation document contained herein. The Respondent, by submitting and signing below, acknowledges that he/she has received and read the entire document packet sections defined above including all documents incorporated by reference, and agrees to be bound by the terms therein.

Company Name: _____

Company Address: _____

City, State, Zip: _____

Federal Tax ID No. _____

Printed Name of Officer or Authorized
Representative: _____

Title: _____

Signature of Officer or Authorized
Representative: _____

Date: _____

Email Address: _____

Phone Number: _____

*** Proposal response must be submitted with this Offer sheet to be considered for award**

**CITY OF AUSTIN
PURCHASING OFFICE
SUPPLEMENTAL PURCHASE PROVISIONS
RFP 5800 TLF0301
SECTION 0400
REVISED PER ADDENDUM 2**

The following Supplemental Purchasing Provisions apply to this solicitation:

1. **EXPLANATIONS OR CLARIFICATIONS:** (reference paragraph 5 in Section 0200)

All requests for explanations or clarifications must be submitted in writing to the Purchasing Office no later than five business days prior to the proposal due date.

2. **INSURANCE:** Insurance is required for this solicitation.

A. **General Requirements:** See Section 0300, Standard Purchase Terms and Conditions, paragraph 32, entitled Insurance, for general insurance requirements.

- i. The Contractor shall provide a Certificate of Insurance as verification of coverages required below to the City at the below address prior to contract execution and within 14 calendar days after written request from the City. Failure to provide the required Certificate of Insurance may subject the Offer to disqualification from consideration for award
- ii. The Contractor shall not commence work until the required insurance is obtained and until such insurance has been reviewed by the City. Approval of insurance by the City shall not relieve or decrease the liability of the Contractor hereunder and shall not be construed to be a limitation of liability on the part of the Contractor.
- iii. The Contractor must also forward a Certificate of Insurance to the City whenever a previously identified policy period has expired, or an extension option or holdover period is exercised, as verification of continuing coverage.
- iv. The Certificate of Insurance, and updates, shall be mailed to the following address:

City of Austin Purchasing Office
P. O. Box 1088
Austin, Texas 78767

B. **Specific Coverage Requirements:** The Contractor shall at a minimum carry insurance in the types and amounts indicated below for the duration of the Contract, including extension options and hold over periods, and during any warranty period. These insurance coverages are required minimums and are not intended to limit the responsibility or liability of the Contractor.

- i. **Worker's Compensation and Employers' Liability Insurance:** Coverage shall be consistent with statutory benefits outlined in the Texas Worker's Compensation Act (Section 401). The minimum policy limits for Employer's Liability are \$100,000 bodily injury each accident, \$500,000 bodily injury by disease policy limit and \$100,000 bodily injury by disease each employee.
 - (1) The Contractor's policy shall apply to the State of Texas and include these endorsements in favor of the City of Austin:
 - (a) Waiver of Subrogation, Form WC420304, or equivalent coverage
 - (b) Thirty (30) days Notice of Cancellation, Form WC420601, or equivalent coverage
- ii. **Commercial General Liability Insurance:** The minimum bodily injury and property damage per occurrence are \$500,000 for coverages A (Bodily Injury and Property Damage) and B (Personal and Advertising Injury).
 - (1) The policy shall contain the following provisions:
 - (a) Contractual liability coverage for liability assumed under the Contract and all other Contracts related to the project.
 - (b) Contractor/Subcontracted Work.
 - (c) Products/Completed Operations Liability for the duration of the warranty period.
 - (d) If the project involves digging or drilling provisions must be included that provide Explosion, Collapse, and/or Underground Coverage.

**CITY OF AUSTIN
PURCHASING OFFICE
SUPPLEMENTAL PURCHASE PROVISIONS
RFP 5800 TLF0301
SECTION 0400
REVISED PER ADDENDUM 2**

- (2) The policy shall also include these endorsements in favor of the City of Austin:
- (a) Waiver of Subrogation, Endorsement CG 2404, or equivalent coverage
 - (b) Thirty (30) days Notice of Cancellation, Endorsement CG 0205, or equivalent coverage
 - (c) The City of Austin listed as an additional insured, Endorsement CG 2010, or equivalent coverage
- iii. **Business Automobile Liability Insurance:** The Contractor shall provide coverage for all owned, non-owned and hired vehicles with a minimum combined single limit of \$500,000 per occurrence for bodily injury and property damage. Alternate acceptable limits are \$250,000 bodily injury per person, \$500,000 bodily injury per occurrence and at least \$100,000 property damage liability per accident.
- (1) The policy shall include these endorsements in favor of the City of Austin:
- (a) Waiver of Subrogation, Endorsement CA0444, or equivalent coverage
 - (b) Thirty (30) days Notice of Cancellation, Endorsement CA0244, or equivalent coverage
 - (c) The City of Austin listed as an additional insured, Endorsement CA2048, or equivalent coverage.
- iv. **Professional Liability Insurance:** The Contractor shall provide at a minimum limit of \$1,000,000 per claim, to pay on behalf of the assured all sums which the assured shall become legally obligated to pay as damages by reason of any negligent act, error, or omission arising out of the performance of professional services under this Agreement.

If coverage is written on a claims-made basis, the retroactive date shall be prior to or coincident with the date of the Contract and the certificate of insurance shall state that the coverage is claims-made and indicate the retroactive date. This coverage shall be continuous and will be provided for 24 months following the completion of the contract.

- C. **Endorsements:** The specific insurance coverage endorsements specified above, or their equivalents must be provided. In the event that endorsements, which are the equivalent of the required coverage, are proposed to be substituted for the required coverage, copies of the equivalent endorsements must be provided for the City's review and approval.

3. **TERM OF CONTRACT:**

- A. The Contract shall be in effect for an initial term of 12 months and may be extended thereafter for up to five additional 12-month periods, subject to the approval of the Contractor and the City Purchasing Officer or his designee.
- B. Upon expiration of the initial term or period of extension, the Contractor agrees to hold over under the terms and conditions of this agreement for such a period of time as is reasonably necessary to re-solicit and/or complete the project (not to exceed 120 days unless mutually agreed on in writing).
- C. Upon written notice to the Contractor from the City's Purchasing Officer or his designee and acceptance of the Contractor, the term of this contract shall be extended on the same terms and conditions for an additional period as indicated in paragraph A above.

4. **QUANTITIES:** The quantities listed herein are estimates for the period of the Contract. The City reserves the right to purchase more or less of these quantities as may be required during the Contract term. Quantities will be as needed and specified by the City for each order. Unless specified in the solicitation, there are no minimum order quantities.

**CITY OF AUSTIN
PURCHASING OFFICE
SUPPLEMENTAL PURCHASE PROVISIONS
RFP 5800 TLF0301
SECTION 0400
REVISED PER ADDENDUM 2**

5. **INVOICES and PAYMENT:** (reference paragraphs 12 and 13 in Section 0300)

- A. Invoices shall contain a unique invoice number and the information required in Section 0300, paragraph 12, entitled "Invoices." Invoices received without all required information cannot be processed and will be returned to the vendor.

Invoices shall be mailed to the below address:

	City of Austin
Department	Human Resources – Risk Management
Attn:	Accounts Payable
Address	PO Box 1088
City, State Zip Code	Austin, TX 78767

- B. The Contractor agrees to accept payment by either credit card, check or Electronic Funds Transfer (EFT) for all goods and/or services provided under the Contract. The Contractor shall factor the cost of processing credit card payments into the Offer. There shall be no additional charges, surcharges, or penalties to the City for payments made by credit card.

6. **LIVING WAGES:**

- A. The minimum wage required for any Contractor employee directly assigned to this City Contract is \$13.03 per hour, unless Published Wage Rates are included in this solicitation. In addition, the City may stipulate higher wage rates in certain solicitations in order to assure quality and continuity of service.
- B. The City requires Contractors submitting Offers on this Contract to provide a certification (**see the Living Wages Contractor Certification included in the Solicitation**) with their Offer certifying that all employees directly assigned to this City Contract will be paid a minimum living wage equal to or greater than \$13.03 per hour. The certification shall include a list of all employees directly assigned to providing services under the resultant contract including their name and job title. The list shall be updated and provided to the City as necessary throughout the term of the Contract.
- C. The Contractor shall maintain throughout the term of the resultant contract basic employment and wage information for each employee as required by the Fair Labor Standards Act (FLSA).
- D. The Contractor shall provide to the Department's Contract Manager with the first invoice, individual Employee Certifications for all employees directly assigned to the contract. The City reserves the right to request individual Employee Certifications at any time during the contract term. Employee Certifications shall be signed by each employee directly assigned to the contract. The Employee Certification form is available on-line at https://www.austintexas.gov/financeonline/vendor_connection/index.cfm.
- D. Contractor shall submit employee certifications annually on the anniversary date of contract award with the respective invoice to verify that employees are paid the Living Wage throughout the term of the contract. The Employee Certification Forms shall be submitted for employees added to the contract and/or to report any employee changes as they occur.

**CITY OF AUSTIN
PURCHASING OFFICE
SUPPLEMENTAL PURCHASE PROVISIONS
RFP 5800 TLF0301
SECTION 0400
REVISED PER ADDENDUM 2**

- F. The Department's Contract Manager will periodically review the employee data submitted by the Contractor to verify compliance with this Living Wage provision. The City retains the right to review employee records required in paragraph C above to verify compliance with this provision.

7. NON-COLLUSION, NON-CONFLICT OF INTEREST, AND ANTI-LOBBYING:

- A. On November 10, 2011, the Austin City Council adopted Ordinance No. 20111110-052 amending Chapter 2.7, Article 6 of the City Code relating to Anti-Lobbying and Procurement. The policy defined in this Code applies to Solicitations for goods and/or services requiring City Council approval under City Charter Article VII, Section 15 (Purchase Procedures). During the No-Contact Period, Offerors or potential Offerors are prohibited from making a representation to anyone other than the Authorized Contact Person in the Solicitation as the contact for questions and comments regarding the Solicitation.
- B. If during the No-Contact Period an Offeror makes a representation to anyone other than the Authorized Contact Person for the Solicitation, the Offeror's Offer is disqualified from further consideration except as permitted in the Ordinance.
- C. If an Offeror has been disqualified under this article more than two times in a sixty (60) month period, the Purchasing Officer shall debar the Offeror from doing business with the City for a period not to exceed three (3) years, provided the Offeror is given written notice and a hearing in advance of the debarment.
- D. The City requires Offerors submitting Offers on this Solicitation to certify that the Offeror has not in any way directly or indirectly made representations to anyone other than the Authorized Contact Person during the No-Contact Period as defined in the Ordinance. The text of the City Ordinance is posted on the Internet at: <http://www.ci.austin.tx.us/edims/document.cfm?id=161145>

8. NON-SOLICITATION:

- A. During the term of the Contract, and for a period of six (6) months following termination of the Contract, the Contractor, its affiliate, or its agent shall not hire, employ, or solicit for employment or consulting services, a City employee employed in a technical job classification in a City department that engages or uses the services of a Contractor employee.
- B. In the event that a breach of Paragraph A occurs the Contractor shall pay liquidated damages to the City in an amount equal to the greater of: (i) one (1) year of the employee's annual compensation; or (ii) 100 percent of the employee's annual compensation while employed by the City. The Contractor shall reimburse the City for any fees and expenses incurred in the enforcement of this provision.
- C. During the term of the Contract, and for a period of six (6) months following termination of the Contract, a department that engages the services of the Contractor or uses the services of a Contractor employee will not hire a Contractor employee while the employee is performing work under a Contract with the City unless the City first obtains the Contractor's approval.
- D. In the event that a breach of Paragraph C occurs, the City shall pay liquidated damages to the Contractor in an amount equal to the greater of: (i) one (1) year of the employee's annual compensation or (ii) 100 percent of the employee's annual compensation while employed by the Contractor.

CITY OF AUSTIN
PURCHASING OFFICE
SUPPLEMENTAL PURCHASE PROVISIONS
RFP 5800 TLF0301
SECTION 0400
REVISED PER ADDENDUM 2

9. **CONTRACT MANAGER:** The following person is designated as Contract Manager, and will act as the contact point between the City and the Contractor during the term of the Contract:

Leslie Milvo, Risk Manager

(512) 974-3245

leslie.milvo@austintexas.gov

*Note: The above listed Contract Manager is not the authorized Contact Person for purposes of the **NON-COLLUSION, NON-CONFLICT OF INTEREST, AND ANTI-LOBBYING Provision** of this Section; and therefore, contact with the Contract Manager is prohibited during the no contact period.

CITY OF AUSTIN
PURCHASING OFFICE
SCOPE OF WORK
RFP 5800 TLF0304
SECTION 0500

Actuarial Services for Workers' Compensation Program

2.0 Purpose

The City of Austin ("City") seeks proposals in response to this Request for Proposal ("RFP") from licensed Independent Consulting Actuary firms to conduct an annual comprehensive actuarial review of the City's self-insured workers' compensation program. The purpose of the review is to assist the City in determining and evaluating future funding recommendations for its self-insured Workers' Compensation Program.

3.0 Background

The City employs approximately 13,000 employees in over 35 departments and provides police, fire, emergency medical service ("EMS"), public works, library, water and waste water, electric, waste collection and other services. The Austin-Bergstrom International Airport is also owned and operated by the City. The City operates on an October through September fiscal year.

The City is self-insured for workers' compensation exposures and has been since at least 1985. The City does not currently and has never purchased excess workers' compensation insurance. The City's workers' compensation liabilities are funded through the Workers' Compensation Fund. Temporary income benefits are paid from the City's payroll budget and are weekly indemnity payments to injured employees for lost time. The City complies with all Government Accounting Standards Board ("GASB") requirements. The City has been provided with actuarial services for the past 13 years through Rudd and Wisdom, Inc. with the most recent actuarial valuation of liability occurring in September, 2015.

Claims administration is performed by a third party administrator ("TPA") York Risk Services Group. The TPA has been the City's claims administrator since March 1, 2002. Loss experience and temporary income benefits data will be provided by the City's TPA in a workable format. The TPA utilizes the York Claims Expert computer software system for their claims management. The City will provide the successful actuary firm with payroll information and growth assumptions.

4.0 Tasks/Requirements

4.1 The successful actuary firm shall:

1. Conduct a comprehensive annual actuarial analysis of the City's self-insured workers' compensation program. The actuarial analysis shall commence during the month of November, with final completion by mid-February.
2. Provide a written actuarial report (including exhibits) in compliance with the Governmental Accounting Standards Board ("GASB") Rule 10 and conforming with all other applicable accounting standards. See **Attachment 1 – List of Exhibits** from City's most recent actuarial report. The actuarial report shall contain the following:
 - a. A summary of liabilities, projections of future experience, comparison to other public entities in Texas, recommendations as to levels of retained claim amounts, identification of the data and methodology used in the analysis, and analysis at various confidence levels.
 - b. An analysis of the City's liability for unpaid workers' compensation claims as of the end of the fiscal year and recommendations for appropriate funding levels for the next two future fiscal years. The liability for unpaid claims shall be calculated at 50%, 75% and 90% confidence levels and the present value of future claims

**CITY OF AUSTIN
PURCHASING OFFICE
SCOPE OF WORK
RFP 5800 TLF0304
SECTION 0500**

payments calculated at various appropriate discount rates.

- c. An analysis of incurred claims and liabilities for unpaid claims separately by indemnity and medical claim categories.
 - d. An analysis of future payments due, distinguishing between temporary income benefits and other indemnity benefits.
 - e. An analysis of outstanding losses, including allocated loss adjustment expenses ("ALAE"), for claims incurred from the inception of the program thru the end of the most recent fiscal year and long-range estimates for the next five fiscal years. For budgeting purposes, the study shall also provide the City with projected claims disbursements, including ALAE, for the most recent fiscal year just ended and with projected future losses and claims disbursements including ALAE for the next five fiscal years.
 - f. An analysis of projected future losses and ALAE for the most recently ended fiscal year and separately by fiscal year for the next five future fiscal years. Future losses shall be shown on both a full value basis and a present value basis at the specified confidence levels.
 - g. A benchmark comparison of the City's workers' compensation experience with that of other Texas public entities.
 - h. An evaluation of the City's overall management of current risk financing techniques and recommendations for improvement, if any, with recommendations for a self-insurance retention amount for the workers' compensation exposures. If provided with information on excess insurance premiums, the successful actuary firm shall compare the premiums to projected costs and perform a cost/benefit analysis.
 - i. An affirmation of GASB Statement No. 10 compliance stating the conclusions in the report are consistent with GASB Statement No. 10.
 - j. Detailed data exhibits, loss development triangles, and lists of the methodologies employed, conditions and imitations supporting all analysis and recommendations.
- See Attachment 1 – List of Exhibits.**
3. Provide a complete draft of the actuarial report within 60 days after receipt of complete and satisfactory statistical claim and payroll data from the City. The draft shall include all exhibits, charts, graphs, and other documentation sufficient to support all conclusions and recommendations.
 4. Meet with the City twice at times and locations to be specified by the City. The first meeting shall be to review the draft of the actuarial report and the second meeting shall be when the final report is completed. A formal presentation for various financial departments at the City to explain findings associated with the study shall be provided at the discretion of the City.
 5. Revise the draft report and send the final report to the City within 10 business days after the City has reviewed and approved the draft report. Four written copies of the report shall be provided to the City and an electronic copy shall be sent to the City's Risk Manager.

4.2 City's Responsibilities

The City, through its Third Party Liability Administrator, will provide all City workers' compensation claims data to the successful actuary firm by the 15th of November after the close of the fiscal year at the end of September. The City will also provide the City's gross pay report by the 15th of November.

CITY OF AUSTIN
PURCHASING OFFICE
SCOPE OF WORK
RFP 5800 TLF0304
SECTION 0500

5.0 **Attachments:**

Attachment 1: List of Exhibits

Attachment 2: Actuarial Study Reference Information

Attachment 3: Actuary Services Fee Proposal Summary

**CITY OF AUSTIN
PURCHASING OFFICE
PROPOSAL PREPARATION INSTRUCTIONS AND EVALUATION FACTORS
RFP 5800 TLF0304
SECTION 0600**

1. PROPOSAL FORMAT

Prefacing the proposal, the Proposer shall provide an Executive Summary of two (2) pages or less, which gives in brief, concise terms, a summation of the proposal. The proposal itself shall be organized in the following format and informational sequence:

A. Part I – Proposer Qualifications, Experience and Personnel:

1. State the legal name and address of your organization and identify your parent company if you are a subsidiary. Indicate whether you operate as a partnership, corporation, or individual, including the state in which you are incorporated.
2. Specify the branch office or other subordinate element which will perform, or assist in performing, the Section 0500 Scope of Work and provide details on the number of years your organization has been in business, the current number of employees, and your annual revenues for the past five years.
3. Provide summary resumes for proposed key personnel who will be providing services to the City, including their specific roles and responsibilities as related to the Section 0500 Scope of Work, experience with similar service projects, and number of years of employment with your organization.
4. Complete **Attachment 2 Actuarial Study Reference Information** by providing a customer reference list for which your organization is currently providing services and/or previously provided services within the past five years. These services should be of a type and scope similar to the Section 0500 Scope of Work.

B. Part II –System Concept and Solution:

1. Describe the methodologies your firm plans to use in order to prepare the actuarial study report described in the Section 0500 Scope of Work and why your firm believes that these are the right methodologies for the study.
2. Provide a sample actuarial report as an indication of the work product the City can expect from your organization that is similar in format, scope and nature to the report described in the Section 0500 Scope of Work.

C. Part III – Technical Plan

1. Describe your technical plan for accomplishing the required work. Include such time-related displays, graphs, and charts as necessary to show tasks, sub-tasks, milestones, and decision points related to the Section 0500 Scope of Work and your plan for accomplishment. Specifically describe:
 - i. Your work program by tasks including which individuals in your organization will be performing each task. Detail the steps you will take in proceeding from the first task to the final tasks.
 - ii. The hierarchy of project management the project will entail and the length of time the project will take to complete.

D. Part IV – Fees Proposed

Complete **Attachment 3 Actuary Services Fee Proposal Summary**. The City requires pricing to be on a not to exceed fixed fee basis. Pricing shall include all costs for providing the services specified in the

**CITY OF AUSTIN
PURCHASING OFFICE
PROPOSAL PREPARATION INSTRUCTIONS AND EVALUATION FACTORS
RFP 5800 TLF0304
SECTION 0600**

Section 0500, Scope of Work, including the cost of any work incidental to and reasonable inferable for the scope described.

E. Part V - Non-Collusion, Non-Conflict of Interest, and Anti-Lobbying:

- i. On November 10, 2011, the Austin City Council adopted Ordinance No. 20111110-052 amending Chapter 2-7, Article 6 of the City Code relating to Anti-Lobbying and Procurement. The policy defined in this Code applies to Solicitations for goods and/or services requiring City Council approval under City Charter Article VII, Section 15 (Purchase Procedures). During the No-Contact Period, Offerors or potential Offerors are prohibited from making a representation to anyone other than the Authorized Contact Person in the Solicitation as the contact for questions and comments regarding the Solicitation.
- ii. If during the No-Contact Period an Offeror makes a representation to anyone other than the Authorized Contact Person for the Solicitation, the Offeror's Offer is disqualified from further consideration except as permitted in the Ordinance.
- iii. If a Respondent has been disqualified under this article more than two times in a sixty (60) month period, the Purchasing Officer shall debar the Offeror from doing business with the City for a period not to exceed three (3) years, provided the Respondent is given written notice and a hearing in advance of the debarment.
- iv. The City requires Offerors submitting Offers on this Solicitation to provide a signed Section 0810, Non-Collusion, Non-Conflict of Interest, and Anti-Lobbying Affidavit certifying that the Offeror has not in any way directly or indirectly made representations to anyone other than the Authorized Contact Person during the No-Contact Period as defined in the Ordinance. The text of the City Ordinance is posted on the Internet at: <http://www.ci.austin.tx.us/edims/document.cfm?id=161145>

F. Part VII – Local Business Presence

The City seeks opportunities for businesses in the Austin Corporate City Limits to participate on City contracts. A firm (Offeror or Subcontractor) is considered to have a Local Business Presence if the firm is headquartered in the Austin Corporate City Limits, or has a branch office located in the Austin Corporate City Limits in operation for the last five (5) years, currently employs residents of the City of Austin, Texas, and will use employees that reside in the City of Austin, Texas, to support this contract. The City defines headquarters as the administrative center where most of the important functions and full responsibility for managing and coordinating the business activities of the firm are located. The City defines branch office as a smaller, remotely located office that is separate from a firm's headquarters that offers the services requested and required under this solicitation. Points will be awarded through a combination of the Offeror's Local Business Presence and/or the Local Business Presence of their subcontractors. Evaluation of the Team's Percentage of Local Business Presence will be based on the dollar amount of work as reflected in the Offeror's MBE/WBE Compliance Plan or MBE/WBE Utilization Plan. Specify if and by which definition the Offeror or Subcontractor(s) have a local business presence.

G. Part VII - Proposal Acceptance Period

All proposals are valid for a period of 120 calendar days subsequent to the RFP closing date unless a longer acceptance period is offered in the proposal

H. Part VIII - Proprietary Information

All material submitted to the City becomes public property and is subject to the Texas Open Records Act upon receipt. If a Proposer does not desire proprietary information in the proposal to be disclosed, each

**CITY OF AUSTIN
PURCHASING OFFICE
PROPOSAL PREPARATION INSTRUCTIONS AND EVALUATION FACTORS
RFP 5800 TLF0304
SECTION 0600**

page must be identified and marked proprietary at time of submittal. The City will, to the extent allowed by law, endeavor to protect such information from disclosure. The final decision as to what information must be disclosed, however, lies with the Texas Attorney General. Failure to identify proprietary information will result in all unmarked sections being deemed non-proprietary and available upon public request.

I. Part IX - Authorized Negotiator

Include name, address, and telephone number of person in your organization authorized to negotiate contract terms and render binding decisions on contract matters.

2. EXCEPTIONS:

Be advised that exceptions to any portion of the Solicitation may jeopardize acceptance of the Proposal.

3. PROPOSAL PREPARATION COSTS:

All costs directly or indirectly related to preparation of a response to the RFP or any oral presentation required to supplement and/or clarify a proposal which may be required by the City shall be the sole responsibility of the Proposer.

4. EVALUATION FACTORS AND AWARD

A. **Competitive Selection:** This procurement will comply with applicable City of Austin Policy. The successful Proposer will be selected by the City on a rational basis. Evaluation factors outlined in Paragraph B below shall be applied to all eligible, responsive Proposers in comparing proposals and selecting the successful Proposer. Award of a contract may be made without discussion with Proposers after proposals are received. Proposals should, therefore, be submitted on the most favorable terms.

B. **Evaluation Factors:**

All proposals will be evaluated based on the following criteria and rankings. **Maximum 100 points.**

Qualifications, Experience and Personnel (Part I) 25 Points

System Concept and Solution (Part II) 25 Points

Technical Plan (Part III) 15 Points

Fees (Part IV) 25 Points

Local Business Presence 10 Points

Team's Local Business Presence	Points Awarded
Local business presence of 90% to 100%	10
Local business presence of 75% to 89%	8
Local business presence of 50% to 74%	6
Local business presence of 25% to 49%	4
Local business presence of 1% to 24%	2
No local business presence	0

The City reserves the right to hold interviews. If interviews are held, the City reserves the right to re-score "short-listed" proposals as a result of the interviews and to make award recommendations on that basis.

Section 0605: Local Business Presence Identification

A firm (Offeror or Subcontractor) is considered to have a Local Business Presence if the firm is headquartered in the Austin Corporate City Limits, or has a branch office located in the Austin Corporate City Limits in operation for the last five (5) years, currently employs residents of the City of Austin, Texas, and will use employees that reside in the City of Austin, Texas, to support this Contract. The City defines headquarters as the administrative center where most of the important functions and full responsibility for managing and coordinating the business activities of the firm are located. The City defines branch office as a smaller, remotely located office that is separate from a firm's headquarters that offers the services requested and required under this solicitation.

OFFEROR MUST SUBMIT THE FOLLOWING INFORMATION FOR EACH LOCAL BUSINESS (INCLUDING THE OFFEROR, IF APPLICABLE) TO BE CONSIDERED FOR LOCAL PRESENCE.

NOTE: ALL FIRMS MUST BE IDENTIFIED ON THE MBE/WBE COMPLIANCE PLAN OR NO GOALS UTILIZATION PLAN (REFERENCE SECTION 0900).

USE ADDITIONAL PAGES AS NECESSARY

OFFEROR:

Name of Local Firm		
Physical Address		
Is your headquarters located in the Corporate City Limits? (circle one)	Yes	No
or		
Has your branch office been located in the Corporate City Limits for the last 5 years?		
Will your business be providing additional economic development opportunities created by the contract award? (e.g., hiring, or employing residents of the City of Austin or increasing tax revenue?)	Yes	No

SUBCONTRACTOR(S):

Name of Local Firm		
Physical Address		
Is your headquarters located in the Corporate City Limits? (circle one)	Yes	No
or		
Has your branch office been located in the Corporate City Limits for the last 5 years	Yes	No

Will your business be providing additional economic development opportunities created by the contract award? (e.g., hiring, or employing residents of the City of Austin or increasing tax revenue?)	Yes	No

SUBCONTRACTOR(S):

Name of Local Firm		
Physical Address		
Is your headquarters located in the Corporate City Limits? (circle one)	Yes	No
or		
Has your branch office been located in the Corporate City Limits for the last 5 years	Yes	No
Will your business be providing additional economic development opportunities created by the contract award? (e.g., hiring, or employing residents of the City of Austin or increasing tax revenue?)	Yes	No

Section 0815: Living Wages Contractor Certification

Company Name _____

Pursuant to the Living Wages provision (reference Section 0400, Supplemental Purchase Provisions) the Contractor is required to pay to all employees directly assigned to this City contract a minimum Living Wage equal to or greater than \$13.03 per hour.

The below listed employees of the Contractor who are directly assigned to this contract are compensated at wage rates equal to or greater than \$13.03 per hour.

Employee Name	Employee Job Title

USE ADDITIONAL PAGES AS NECESSARY

- (1) All future employees assigned to this Contract will be paid a minimum Living Wage equal to or greater than \$13.03 per hour.
- (2) Our firm will not retaliate against any employee claiming non-compliance with the Living Wage provision.

A Contractor who violates this Living Wage provision shall pay each affected employee the amount of the deficiency for each day the violation continues. Willful or repeated violations of the provision or fraudulent statements made on this certification may result in termination of this Contract for Cause and subject the firm to possible suspension or debarment, or result in legal action.

Section 0835: Non-Resident Bidder Provisions

Company Name _____

- A. Bidder must answer the following questions in accordance with Vernon's Texas Statutes and Codes Annotated Government Code 2252.002, as amended:

Is the Bidder that is making and submitting this Bid a "Resident Bidder" or a "non-resident Bidder"?

Answer: _____

- (1) Texas Resident Bidder- A Bidder whose principle place of business is in Texas and includes a Contractor whose ultimate parent company or majority owner has its principal place of business in Texas.
(2) Nonresident Bidder- A Bidder who is not a Texas Resident Bidder.

- B. If the Bidder is a "Nonresident Bidder" does the state, in which the Nonresident Bidder's principal place of business is located, have a law requiring a Nonresident Bidder of that state to bid a certain amount or percentage under the Bid of a Resident Bidder of that state in order for the nonresident Bidder of that state to be awarded a Contract on such bid in said state?

Answer: _____ Which State: _____

- C. If the answer to Question B is "yes", then what amount or percentage must a Texas Resident Bidder bid under the bid price of a Resident Bidder of that state in order to be awarded a Contract on such bid in said state?

Answer: _____

Section 0900: Minority- and Women-Owned Business Enterprise (MBE/WBE) Procurement Program No Goals Form

SOLICITATION NUMBER:
PROJECT NAME:

The City of Austin has determined that no goals are appropriate for this project. Even though goals were not assigned for this solicitation, the Bidder/Proposer is required to comply with the City's MBE/WBE Procurement Program, if areas of subcontracting are identified.

If any service is needed to perform the Contract and the Bidder/Proposer does not perform the service with its own workforce or if supplies or materials are required and the Bidder/Proposer does not have the supplies or materials in its inventory, the Bidder/Proposer shall contact the Small and Minority Business Resources Department (SMBR) at (512) 974-7600 to obtain a list of MBE and WBE firms available to perform the service or provide the supplies or materials. The Bidder/Proposer must also make a Good Faith Effort to use available MBE and WBE firms. Good Faith Efforts include but are not limited to contacting the listed MBE and WBE firms to solicit their interest in performing on the Contract, using MBE and WBE firms that have shown an interest, meet qualifications, and are competitive in the market; and documenting the results of the contacts.

Will subcontractors or sub-consultants or suppliers be used to perform portions of this Contract?

No _____ **If no, please sign the No Goals Form and submit it with your Bid/Proposal in a sealed envelope**

Yes _____ **If yes, please contact SMBR to obtain further instructions and an availability list and perform Good Faith Efforts. Complete and submit the No Goals Form and the No Goals Utilization Plan with your Bid/Proposal in a sealed envelope.**

After Contract award, if your firm subcontracts any portion of the Contract, it is a requirement to complete Good Faith Efforts and the No Goals Utilization Plan, listing any subcontractor, sub-consultant, or supplier. Return the completed Plan to the Project Manager or the Contract Manager.

I understand that even though goals were not assigned, I must comply with the City's MBE/WBE Procurement Program if subcontracting areas are identified. I agree that this No Goals Form and No Goals Utilization Plan shall become a part of my Contract with the City of Austin.	
_____ Company Name	
_____ Name and Title of Authorized Representative (Print or Type)	
_____ Signature	_____ Date

Minority- and Women-Owned Business Enterprise (MBE/WBE) Procurement Program No Goals Utilization Plan
(Please duplicate as needed)

SOLICITATION NUMBER:
PROJECT NAME:

PRIME CONTRACTOR / CONSULTANT COMPANY INFORMATION

Name of Contractor/Consultant			
Address			
City, State Zip			
Phone Number		Fax Number	
Name of Contact Person			
Is Company City certified?	Yes <input type="checkbox"/> No <input type="checkbox"/> MBE <input type="checkbox"/> WBE <input type="checkbox"/> MBE/WBE Joint Venture <input type="checkbox"/>		

I certify that the information included in this No Goals Utilization Plan is true and complete to the best of my knowledge and belief. I further understand and agree that the information in this document shall become part of my Contract with the City of Austin.

Name and Title of Authorized Representative (Print or Type)

Signature

Date

Provide a list of all proposed subcontractors / sub-consultants / suppliers that will be used in the performance of this Contract.
Attach Good Faith Effort documentation if non MBE/WBE firms will be used.

Sub-Contractor / Sub-Consultant			
City of Austin Certified	MBE <input type="checkbox"/> WBE <input type="checkbox"/> Ethics / Gender Code: <input type="checkbox"/> Non-Certified		
Vendor ID Code			
Contact Person		Phone Number	
Amount of Subcontract	\$		
List commodity codes & description of services			

Sub-Contractor / Sub-Consultant			
City of Austin Certified	MBE <input type="checkbox"/> WBE <input type="checkbox"/> Ethics / Gender Code: <input type="checkbox"/> Non-Certified		
Vendor ID Code			
Contact Person		Phone Number	
Amount of Subcontract	\$		
List commodity codes & description of services			

FOR SMALL AND MINORITY BUSINESS RESOURCES DEPARTMENT USE ONLY:	
Having reviewed this plan, I acknowledge that the proposer (HAS) or (HAS NOT) complied with City Code Chapter 2-9A/B/C/D, as amended.	
Reviewing Counselor _____ Date _____	Director/Deputy Director _____ Date _____

CITY OF AUSTIN, TEXAS



PROPOSAL FOR ACTUARIAL SERVICES RFP 5800 TLF0304

Prepared by
Aon Global Risk Consulting (AGRC)

100 Bayview Cir. Suite 100 • Newport Beach, California 92660-2963
949/608-6300 • Fax 949/608-6475
www.aon.com

Aon
Empower Results®



September 6, 2016

City of Austin, Texas, Purchasing Office
Municipal Building
124 W. 8th Street, Rm. 308
Austin, Texas 78701

**Proposal For Actuarial Services
RFP 5800 TLF0304
Executive Summary**

We appreciate this opportunity to submit our qualifications to provide actuarial services to the City of Austin, Texas (the City).

Mr. Mujtaba Datoo, ACAS, MAAA, FCA, a Consulting Actuary at Aon Global Risk Consulting (AGRC), will manage the work. He leads a practice that specializes in providing actuarial services for public entities.

We have worked with many cities and other self-insured public entities in Texas and across the nation. We are confident we can provide the high-quality report the City is seeking.

Please call us at (949) 608-6332 if you have any questions or comments. We appreciate this opportunity to present our proposal to the City of Austin and look forward to working with you.

Respectfully submitted,

Aon Global Risk Consulting

By Mujtaba Datoo
Mujtaba Datoo, ACAS, MAAA, FCA
Actuarial Practice Leader

MD:dn

X:\Prospects\A\Austin, City of\2016 RFP\City of Austin, Texas Proposal_2016.doc



TABLE OF CONTENTS

I.	Proposer Qualifications, Experience and Personnel	1
II.	System Concept and Solution	8
III.	Technical Plan.....	9
IV.	Fees Proposed	13
V.	Non-Collusion, Non-Conflict of Interest, and Anti-Lobbying	14
VI.	Local Business Presence	15
VII.	Proposal Acceptance Period	16
VIII.	Proprietary Information	17
IX.	Authorized Negotiator	18

Appendices

- A Resumes
- B Public Entity Client List
- C Sample Report
- D Required Forms



I. PROPOSER QUALIFICATIONS, EXPERIENCE AND PERSONNEL

1. State the legal name and address of your organization and identify your parent company if you are a subsidiary. Indicate whether you operate as a partnership, corporation, or individual, including the state in which you are incorporated.

Aon is a corporation and was founded on December 12, 1979. Aon was incorporated in Chicago, IL, with its main address 200 E. Randolph St, Chicago, IL 60601.

Aon Global Risk Consulting (AGRC), a division of Aon has a nationwide risk management, actuarial and insurance consulting practice with more than 80 actuarial consultants and 40 Associates and Fellows of the Casualty Actuarial Society who are also Members of the American Academy of Actuaries. Through our experienced team of actuarial and analytical specialists, we provide a broad range of risk quantification services to our clients, and have earned the reputation as one of the leading service providers in this field.

AGRC has extensive experience performing actuarial studies and has also performed many related projects. We regularly evaluate cost allocation plans, coverage forms, excess insuring pricing, program administration and risk retention capacity. We believe this gives AGRC a unique perspective.

Every two years, AGRC presents an educational conference for public entity risk pools. Many conference attendees return because the information acquired proves beneficial to their organization. The 20th conference will be held in Bernalillo, New Mexico, late July 2017.

AGRC is experienced in providing the services the City requires. We have staff actuarial consultants who will be at the City's disposal to complete key tasks. AGRC personnel have the ability to respond promptly to the City's service requests.

AGRC's specific capabilities include:

- **Loss Reserving and Forecasting**
- **Collateral Analyses/LOC**
- **Statement of Actuarial Opinion**
- **New / improved renewal program structures**
- **Due Diligence**



**Proposal for Actuarial Services
RFP 5800 TLF0304**

2. Specify the branch office or other subordinate element which will perform, or assist in performing, the Section 0500 Scope of Work and provide details on the number of years your organization has been in business, the current number of employees, and your annual revenues for the past five years.

All of the work will be performed in our Newport Beach, CA office located at:
100 Bayview Circle, Suite 100
Newport Beach, California 92660-2963

Aon and predecessor organizations to our firm have been in business for more than 300 years. Aon has approximately 600 offices worldwide, serving 120 countries with 61,000 employees. Aon serves clients in virtually all industries.

Annual revenues for each of the past five years have been around \$12B.

3. Provide summary resumes for proposed key personnel who will be providing services to the City, including their specific roles and responsibilities as related to the Section 0500 Scope of Work, experience with similar service projects, and number of years of employment with your organization.

Appendix A contains a resume for each project team member. Below, we highlight certain areas of the service team experience.

- a. Mr. Mujtaba Datto, ACAS, MAAA, FCA. Mr. Datto, Actuarial Practice Leader at AGRC for 14 years, will lead the actuarial work. He is an Associate of the Casualty Actuarial Society, a Member of the American Academy of Actuaries and a Fellow of the Conference of Consulting Actuaries.

Mr. Datto performs actuarial services for scores of pools, cities counties, school, and other self-insured governmental entities. He has provided actuarial services since 1980, including general liability, automobile liability, property, and medical malpractice, and analyzing all aspects of workers compensation ratemaking and legislative pricing in statewide filings to determine rate adequacy and presentation of findings for the National Council on Compensation Insurance (NCCI).

A frequent speaker on actuarial issues, Mr. Datto spoke at the CAJPA conferences on financial benchmarks for pools and at the CASBO conference for school business officials every year since 2004. In 2005, he presented at the Conference of Consulting Actuaries on 'Strategic Decision-Making for Collective Risk-Sharing Entities.' In June 2006, he co-presented at PRIMA on 'Selection of Self-Insured Retention Levels for Public Entities.'

In February 2007, he presented 'Demystifying the Actuarial Report' at PARMA.



Proposal for Actuarial Services RFP 5800 TLF0304

In May 2008, he presented to the National League of Cities – RISC Pool Trustees on ‘What an Actuary Should be Providing a Board, How to Read an Actuarial Report, and What Questions to Ask.’

At the June 2008 PRIMA meeting, he presented at two sessions on Understanding the Actuarial Report and Explaining Experience Modification. In 2009, he co-presented on "What do Those Actuaries Do with Your Claims Data?"

In February 2009, he presented a session on “Approaches to Rate Setting.” at PARMA.

In April 2010, he presented at CASBO on “What Actuaries Do with Claims Data” and in June 2010 at PRIMA sessions on “How to Read Your Actuarial Report” and co-presented on “Adjuster and Actuary: Artist and Scientist.”

In September 2010, he presented to CAJPA on “A Risk-Based Capital Approach” to determine how much equity is enough.

In June 2011, he presented at PRIMA on cost allocation, and in September 2011 at CAJPA and in June 2012 at PRIMA, he presented on “Seven Questions to Ask Your Actuary.”

At the June 2013 PRIMA meeting, he presented two sessions on “Actuarial Judgment: How It Impacts Your Program” and “Too Much, Too Little or Just Right Surplus: Risk Based Capital and Financial Ratios.”

In September 2013, he presented at CAJPA on “Pricing Legislative Impacts.”

In September 2014, he presented at PRIMA on “Choosing Your SIR, It’s More Than A Number.”

In February 2015, he presented a session on “The Building Blocks of Understanding an Actuarial Report – The Lego Approach.” at PARMA.

In June 2015, he presented two sessions at PRIMA on “Understanding Actuarial Concepts Using LEGOs” and “Solvency Measures”.

In July 2015, he presented a session at CCWC on “the State of Workers’ Compensation Costs”.

In March 2016, he presented two sessions at AGRIP on “Actuarial Forecasting & Reserving” and “Advanced Actuarial Concepts”.

In May 2016, he presented a session at NLC-RISC on “Financial Ratios Benchmarks”.



Proposal for Actuarial Services RFP 5800 TLF0304

In June 2016, he presented a session at PRIMA on “Grasp Your Actuarial Report in 15 Minutes”.

- b. Ms. Darci Noonan, FCAS, MAAA, CPCU, ARM. Ms. Noonan, a senior consultant and actuary at AGRC for over a year, will provide peer review.

Ms. Noonan has 25 years of actuarial experience between insurance and consulting companies. She has done both reserving and pricing for personal and commercial lines of business, but her current focus involves workers compensation, automobile liability, and general liability reserve and funding estimates for self-insured public entities.

Ms. Noonan is a Fellow of the Casualty Actuarial Society, a Member of the American Academy of Actuaries, a Chartered Property and Casualty Underwriter, and an Associate of Risk Management.

- c. Ms. Tracy Fleck, ACAS, MAAA. Ms. Fleck, a consultant and actuary at AGRC for 8 years, will assist with the actuarial analysis review.

Ms. Fleck has experience providing reserve and funding analysis for self-insured programs.

Ms. Fleck is an Associate of the Casualty Actuarial Society and a Member of the American Academy of Actuaries.

- d. Ms. Brenda Craigmyle. Ms. Craigmyle, a senior actuarial analyst at AGRC for 13 years, will assist with the actuarial analysis.

Ms. Craigmyle has experience providing loss projections, estimating outstanding losses and funding studies for self-insured workers compensation, automobile liability, general liability and hospital professional liability programs.

- e. Mr. Daniel Park. Mr. Park, a senior actuarial analyst at AGRC for 8 years, will assist with the actuarial analysis.

Mr. Park has experience providing loss projections, estimating outstanding losses and funding studies for self-insured workers compensation, automobile liability, and general liability programs.

- f. Mr. Ziruo Wang. Mr. Wang, an actuarial analyst at AGRC for 2 years, will assist with the actuarial analysis.

Mr. Wang has experience providing loss projections, estimating outstanding losses and funding studies for self-insured workers compensation, automobile liability, and general liability programs.



Proposal for Actuarial Services RFP 5800 TLF0304

4. Complete Attachment 2 Actuarial Study Reference Information by providing a customer reference list for which your organization is currently providing services and/or previously provided services within the past five years. These services should be of a type and scope similar to the Section 0500 Scope of Work.

List the Public Entity Account References that your firm has provided services for within **TEXAS** in the last 5 years:

CONTACT NAME	FIRM	PHONE #	START/END DATES	DESCRIPTION OF SERVICE PERFORMED
Charles Smith	City of Houston	(713) 837-9326	Ongoing since 2000	Workers Compensation
Paul Wood	Tarrant County, Texas	(817) 884-2645	Ongoing since 2005	Workers Compensation, General Liability, Automobile Liability, Physical Damage, and Property
Kelly Jones	Texas Sonic Employer Trade Association	(214) 239-4623	Ongoing since 2000	Workers Compensation (Occupational Injury)
William Paterson	Travis County, Texas	(512) 854-9650	Ongoing since 1997	Workers Compensation, General Liability, Automobile Liability, and Property
Bridgett Sweeny	Harris County, Texas	(713) 274-5407	Ongoing since 2000	Workers Compensation

List the Account References that your firm has worked with **IN THE U.S. BUT NOT IN TEXAS** within the last 5 years:

CONTACT NAME	FIRM	PHONE #	START/END DATES	DESCRIPTION OF SERVICE PERFORMED
Alex Rossi	City of Los Angeles	(213) 738-2154	Ongoing since 2003	Workers Compensation and Metro
Martin Brady	School Insurance Authority	(916) 364-1281	Ongoing since 2001	Workers Compensation, Liability and Property
Gerard Visco	Brevard County, Florida	(321) 633-2031	Ongoing since 1998	Workers Compensation, Property, Automobile Liability and Physical Damage, and General Liability
Pamela Schroeder	Montgomery County, Maryland	(240) 777-8911	Ongoing since 2013	Workers Compensation, General Liability, Automobile Liability and Physical Damage, and Property

In addition to these references, we have performed similar assignments to more than 100 public sector entities in the nation. These are listed in Appendix B. Additional references can be provided.



**Proposal for Actuarial Services
RFP 5800 TLF0304**

We believe AGRC is most qualified to serve the City for the following reasons:

1. **Relationship Oriented.** AGRC takes a long-term, relationship-oriented view towards its assignments. Unlike other firms with only a project-oriented approach to actuarial services, we develop an understanding of the entire program to help ensure our services will meet your needs. We are available to answer your questions, offer insights and aid you in the financial stewardship of your organization.
2. **Strong Ties to the Public Sector Community.** AGRC consultants often speak at and regularly attend PARMA, PRIMA, CAJPA, AGRIP and STRIMA conferences. Every two years, AGRC sponsors a conference on risk retention pools. Our active participation at local and national conferences strengthens our ties to the public sector community. We know the issues affecting governmental entities and can serve as a resource as you analyze complex issues.
3. **Unique Perspective.** AGRC has extensive experience performing actuarial reviews and related projects. We regularly evaluate coverage forms, excess insurance pricing and exposures arising from operations and administration of risk management programs. We believe this gives AGRC a unique perspective. Our broader understanding of risk management issues can assist you in more effective administration of your program.
4. **Concentrated Analysis.** AGRC concentrates on the matters relevant to your self-insured program. We delve deeply and penetrate into the issues driving your loss costs and risk exposure.

AGRC reports communicate our findings, conclusions and recommendations clearly and concisely. AGRC reports lay a firm foundation for future studies.



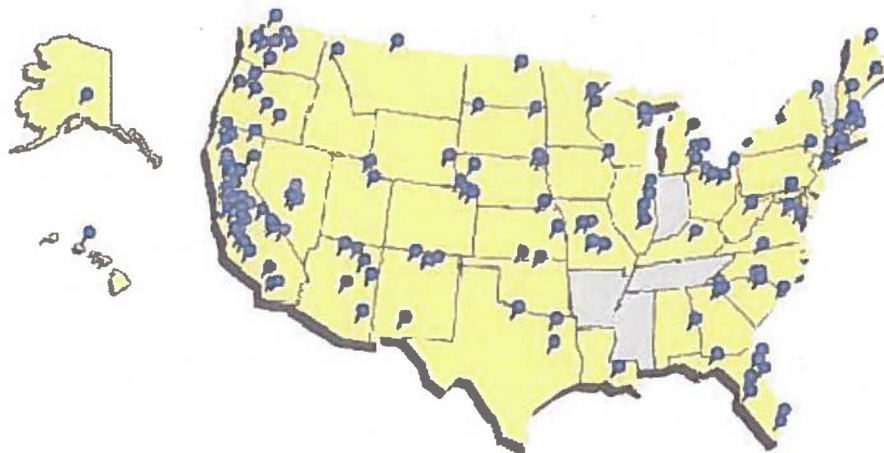
Proposal for Actuarial Services RFP 5800 TLF0304

We survey our clients after work completion. The results reveal a very high level of satisfaction. A summary of client responses, on a scale of 1 to 5 (excellent) is as follows:

1. Over 98% of our clients rate us as excellent or near-excellent. Clients surveyed indicate they will continue working with us.

Technical Competence	4.9
Performance of Project Manager	4.9
Quality of Work	4.9
Value of Services	4.9
Accuracy of Project Cost Estimates Not Applicable	4.9
Initial Response Time	4.9
Deadlines Met and Promises Kept	4.9
Continued Response Time	4.9
Availability of Personnel When Needed	4.8

2. Over the five-year span between 2011 and 2015, we have worked on over 2,500 reports (mostly Governmental Accounting Standards Board (GASB) Statement No. 10 valuations) representing over 350 clients across 42 states, illustrated on the following map.



These reports represent the actuarial work for predominantly public sector entities. This demonstrates our efficiency while maintaining the highest customer satisfaction, best practices and required actuarial standards. Along the way, we have also contributed to public sector conferences by providing educational presentations.



II. SYSTEM CONCEPT AND SOLUTION

1. Describe the methodologies your firm plans to use in order to prepare the actuarial study report described in the Section 0500 Scope of Work and why your firm believes that these are the right methodologies for the study.

Our estimates will be developed based on generally accepted actuarial practices and will be consistent with GASB Statement No. 10. We will consider at least the following actuarial methodologies:

- | | |
|--------------------------------------|-----------------------------|
| ◆ Reported incurred loss development | ◆ Paid loss development |
| ◆ Frequency and severity analysis | ◆ Case reserve analysis |
| ◆ Reported claims development | ◆ Loss rate analysis |
| ◆ Bornhuetter-Ferguson analysis | ◆ Increased limits analysis |

2. Provide a sample actuarial report as an indication of the work product the City can expect from your organization that is similar in format, scope and nature to the report described in the Section 0500 Scope of Work.

See Appendix C



III. TECHNICAL PLAN

1. Describe your technical plan for accomplishing the required work. Include such time-related displays, graphs, and charts as necessary to show tasks, sub-tasks, milestones, and decision points related to the Section 0500 Scope of Work and your plan for accomplishment. Specifically describe:

i. Your work program by tasks including which individuals in your organization will be performing each task. Detail the steps you will take in proceeding from the first task to the final tasks.

To complete this project, we will:

1. Participate in an initial telephone discussion with the City to learn about its self-insured program.
2. Submit a written data request to the City.
3. Gather and compile data provided by the City. Data will be reviewed for reasonableness. Anomalies (if any) will be identified.
4. Discuss large individual claims with the City. Large claims can have a disproportionate impact upon the actuarial analysis. We want to be certain we fully understand the large claims.
5. Develop estimates of claim costs, which will be based on the City's own data to the extent it is a good predictor of future activity. To the extent the City's loss data is not a good predictor our projections will reflect other similar programs with which we are familiar.

Based on our experience, we have found that insurance industry statistics are often not applicable to public entities. This is because insurance industry statistics reflect a wide range of diverse risks (public entities are much more homogeneous). Public entities tend to manage claims very carefully. Therefore, reporting and payout patterns differ from insurance industry statistics.

For the above reasons, we will apply insurance industry statistics judiciously.

6. We will estimate outstanding losses (including allocated loss adjustment expenses [ALAE]) as of September 30, 2016 as well as each of the next five fiscal year ends.



**Proposal for Actuarial Services
RFP 5800 TLF0304**

The estimated outstanding losses are the cost of unpaid claims. The estimated outstanding losses include case reserves, the development of known claims and incurred but not reported (IBNR) claims. ALAE are the direct expenses for setting specific claims.

The estimated outstanding losses will be shown on a full-value basis (not discounted for investment earnings) and present-value basis (discounted for investment earnings). Outstanding liabilities will be shown at expected (50%), 75% and 90% confidence levels.

We will analyze the incurred claims and liabilities for unpaid claims separately by indemnity and medical claim categories.

7. We will project ultimate losses (including ALAE) for the next five fiscal years.

The projected ultimate losses are the accrual value of losses with accident dates in 2016/17 through 2020/21, regardless of report or payment date.

The projected future losses will be shown on a full-value basis (not discounted for investment earnings) and present-value basis (discounted for investment earnings). Projected losses will be shown at expected (50%), 75% and 90% confidence levels.

8. We will project losses paid (including ALAE) during each of the next five fiscal years from 2016/17 through 2020/21.

The projected losses paid are the claim disbursements during the claim period, regardless of accident or report date.

We will project payments separately for temporary income benefits and other income benefits.

9. We will compare the City's experience with that of other Texas public entities. We perform similar studies on many of the City's neighboring cities and counties which will give us better perspective on the City's experience.

10. We will evaluate the City's overall management of current risk financing technique and recommend for improvement, if any, with recommendations for a self-insurance retention amount.

We will compare the premiums to projected costs and perform a cost/benefit analysis.



**Proposal for Actuarial Services
RFP 5800 TLF0304**

11. Prepare a draft report of our conclusions and recommendations. The report will be consistent with (and affirm) GASB Statement No. 10.

The conclusions and recommendations will be clear, concise and easily understood by non-actuaries. The report will include charts, graphs and other documentation sufficient to support all conclusions and recommendations, including:

- ◆ **Background.** Relevant details concerning the history, administration, and claims handling will be provided.
- ◆ **Data Sources.** Descriptions of the loss and exposure data provided by the City and its administrators will be provided. Individual claims requiring special treatment in the analysis will be cited, including an explanation of how we treated the claims in the analysis. If industry data is used to supplement our analysis, a description of the data source will be provided; we will explain how we incorporated the industry data into the analysis.
- ◆ **Methods Used.** Descriptions of the various actuarial methods used in the analysis will be provided. We will also explain the considerations associated with selecting the methods as well as the underlying assumptions.
- ◆ **Exhibits.** The exhibits will show the details of our analysis and support all conclusions stated in the Conclusions.
- ◆ **Report.** We will provide an electronic copy and 4 written copies of the approved report that will be delivered to the City.

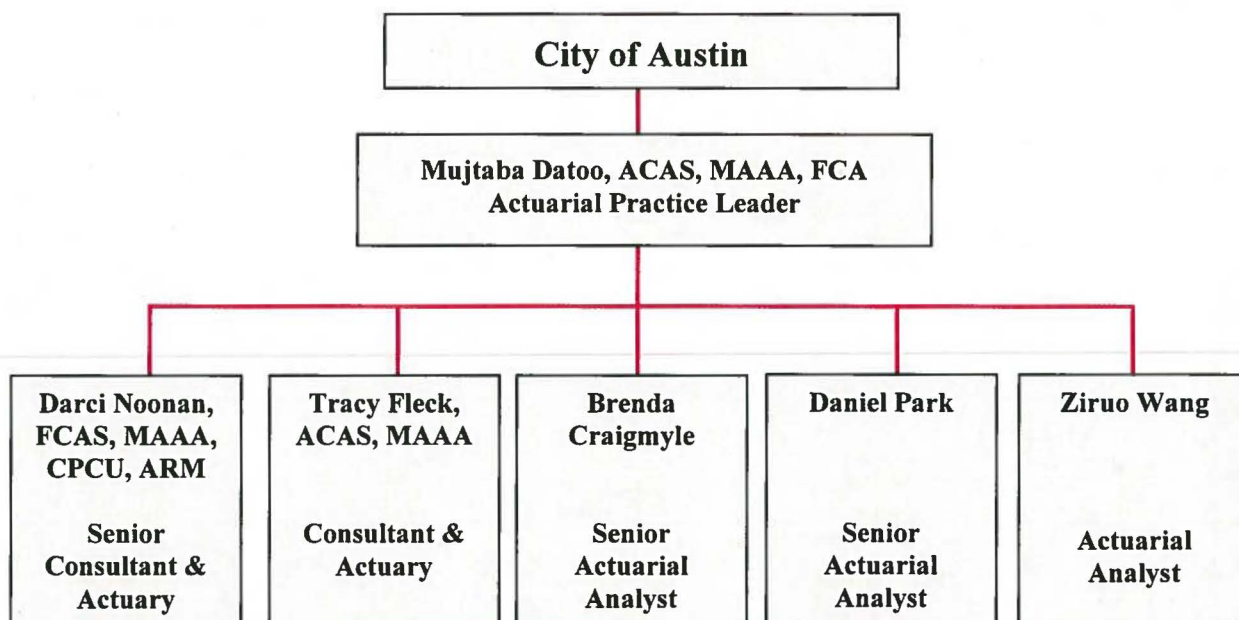
Our reports are practical, useful documents, frequently referred to by our clients over months until they are updated by ensuing reports. A sample report is included in Appendix C. We can customize the report to meet the City's needs.

12. Meet with the City twice to review both the draft and final actuarial reports. A formal presentation for various financial departments at the City to explain findings associated with the study shall be provided at the discretion of the City.
13. Based on new facts ascertained in our discussions, we will revise the draft report. We will send the final report to the City within 10 business days after the City has reviewed and approved the draft report. Four written copies of the report shall be provided to the City and an electronic copy shall be sent to the City's Risk Manager.



Proposal for Actuarial Services RFP 5800 TLF0304

ii. The hierarchy of project management the project will entail and the length of time the project will take to complete.



We propose the approximate schedule as shown in Table III-1.

**Table III-1
Timetable**

Major Activity (1)	Timing (2)
(A) Project kickoff	Within two days of notification to proceed
(B) Submit written data request	Within two days of project kickoff
(C) Receive Data from Third Party Liability Administrator and City.	By November 15th
(D) Perform actuarial analysis and submit draft report	Within 60 days of receipt of data
(E) Final report issued	Within 10 days of the City's approval of the draft (by mid-February)

We have the resources readily available to complete work on schedule. The schedule can be accelerated or amended in accordance with the needs of the City.



IV. FEES PROPOSED

Complete Attachment 3 Actuary Services Fee Proposal Summary. The City requires pricing to be on a not to exceed fixed fee basis. Pricing shall include all costs for providing the services specified in the Section 0500, Scope of Work, including the cost of any work incidental to and reasonable inferable for the scope described.

We propose the firm fixed quotes as shown in Table III-2.

Table III-2
Cost

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
	Original	1st	2nd	3rd	4th	5th
	Contract	Extension	Extension	Extension	Extension	Extension
	Year	FY Ending	FY Ending	FY Ending	FY Ending	FY Ending
	2016 Study	2017 Study	2018 Study	2019 Study	2020 Study	2021 Study
Actuary Services Fees charged annually for Scope of Work	\$4,500	\$4,500	\$4,500	\$4,500	\$4,500	\$4,500
Total Fees	\$4,500	\$4,500	\$4,500	\$4,500	\$4,500	\$4,500



V. NON-COLLUSION, NON-CONFLICT OF INTEREST, AND ANTI-LOBBYING

We comply with non-collusion, non-conflict of interest, and anti-lobbying clauses specified in the RFP.



VI. LOCAL BUSINESS PRESENCE

Aon has a branch office in Austin, TX. See Required Forms in Appendix D.



VII. PROPOSAL ACCEPTANCE PERIOD

Our proposal is valid for a minimal period of one hundred and twenty (120) days subsequent to the RFP closing date.



VIII. PROPRIETARY INFORMATION

We understand that all material submitted to the City becomes public property and is subject to the Texas Open Records Act upon receipt.



IX. AUTHORIZED NEGOTIATOR

Name: Joseph Kilroy, FCAS, MAAA
Address: 555 East Lancaster Ave, Suite 300, Radnor, PA 19087
Phone: (610) 834-3331



APPENDIX A

Resumes



MUJTABA DATOO, ACAS, MAAA, FCA

Actuarial Practice Leader

EXPERIENCE **Actuarial Consulting — 2002 to present.** Actuarial Practice Leader providing actuarial consulting services within the insurance and risk management fields. Services include loss reserve and funding studies for self insured workers compensation, automobile liability, general liability and hospital professional liability.

SCPIE Companies — 2001 to 2002. Associate Actuary. Responsibilities included medical malpractice ratemaking, assistance in preparation of annual statements and quarterly reserving, producing competitive market analysis in teamwork with underwriters, marketing and claims personnel. Prepared filings for insurance departments and data reporting to bureaus.

National Council on Compensation Insurance (NCCI) — 1987 to 2001. Managing Associate Actuary. Negotiated rate filings with insurance department in workers compensation filings in western states. Responsibilities included all aspects of workers compensation ratemaking and legislative pricing in statewide filings to determine rate adequacy and presentation of findings to insurance regulators and industry stakeholders in most western states.

Automobile Insurance Plans Services Office (AIPSO) — 1980 to 1987. Senior Actuarial Assistant. Performed ratemaking functions related to automobile assigned risk and corresponding statistical services.

ACADEMIC BACKGROUND

- B.A. from Columbia University
- Courses in Law, Queen Mary College, London University
- Supervisor Course, American Management Association, New York

PROFESSIONAL SOCIETIES

- Associate of the Casualty Actuarial Society
- Member of the American Academy of Actuaries
- Fellow, Conference of Consulting Actuaries

PUBLICATIONS

- "Post Reform Ratemaking: Adjustment of Loss Development Factors," published in the 1995 CAS Forum. This technique was incorporated in the 1994 and 1995 Colorado workers compensation rate filings.
- "Surplus and Return on Surplus," coauthored with Tony DiDonato, FCAS, *NCCI Workers Compensation Issues Report*, summer 2000.
- "Workers Compensation Loss Development Factor Analysis in a Post Reform Environment" (unpublished), coauthored with Nicholas Lannutti, FCAS.



DARCI NOONAN, FCAS, MAAA, CPCU, ARM

Senior Consultant and Actuary

EXPERIENCE **AGRC (from April 2015).** Senior Consultant and Actuary. Responsible for reviewing client projects, such as reserve analyses, funding projections, rate studies, reserve and funding allocations, and X-Mods (Workers Compensation, General Liability, and Commercial Automobile).

Willis Group — 2013 to 2015. Vice President and Consulting Actuary. Responsible for growing book of business, including reserve evaluations, claim cost projections, and Actuarial Opinions (Workers Compensation, General Liability, Professional Liability, and Commercial Automobile.)

Erie Insurance Group — 2011 to 2013. Actuary. Supported the reserve evaluation on a \$4B book of business (Personal and Commercial Auto, Homeowners, Commercial Multiple Peril and Workers Compensation).

Balboa Insurance Group — 2008 to 2010. VP, Actuary. Analyzed reserves for \$2B book of business (personal lines Auto, Homeowners and Lender Placed products).

Arrowhead General Insurance Agency — 2005 to 2008. Chief Actuary and Commercial Lines Manager. Evaluated actuarial pricing and reserving needs for all of the commercial programs (Workers Compensation, General Liability and Automobile).

Milliman USA — 2000 to 2005. Irvine, CA Practice Manager. Reviewed all client projects, including reserve evaluations, claim cost projections and insurance cost allocation (Commercial Automobile, Workers Compensation, Medical Malpractice, Professional Liability and General Liability). Chosen by many other offices for peer reviews due to close attention to detail, knowledge, and pertinent questions and comments.

The Auto Club of Southern CA — 1997 to 2000. Reserve Actuary. Responsible for the quarterly reserve reviews for all personal lines of business (Auto, Homeowners and Watercraft) and states (California, Arizona, New Mexico and Texas).

TIG and USF&G — 1991 to 1997. Actuarial student.

ACADEMIC BACKGROUND

- B.S Mathematics, Pennsylvania State University, State College, PA

PROFESSIONAL SOCIETIES

- Fellow of the Casualty Actuarial Society
- Member of the American Academy of Actuaries
- Chartered Property and Casualty Underwriter
- Associate of Risk Management



TRACY FLECK, ACAS, MAAA

Consultant and Actuary

EXPERIENCE Associate Actuary — 1992 to 2001
Family leave — 2002 to 2007.
Consultant and Actuary — 2008 to present. Projected reserve and funding estimates for self-insured programs for a variety of commercial lines, including automobile liability, employment practices liability, general liability, medical professional liability, products liability, and workers' compensation. Allocated projected costs among departments and locations of self-insured entities. Prepared Schedule P and Statement of Actuarial Opinion for title insurance companies. Oversaw work completed by actuarial analysts. Conducted client meetings concerning program changes and data requirements. Managed actuarial analyst staff, including daily work assignments and annual performance reviews. Assisted in writing proposals for potential projects, including time estimates and budgets.

**ACADEMIC
BACKGROUND**

- B.S Mathematics, University of California, Irvine

**PROFESSIONAL
SOCIETIES**

- Associate of the Casualty Actuarial Society
- Member of the American Academy of Actuaries



BRENDA CRAIGMYLE

Senior Actuarial Analyst

EXPERIENCE **AGRC — 2003 to present.** Senior Actuarial Analyst. Providing actuarial consulting services within the insurance and risk management fields, including loss reserve and funding studies for self-insured workers compensation, automobile liability, general liability and hospital professional liability.

Milliman USA — 1998 to 2003. Actuarial Analyst. Performed projection/forecasting studies for various entities and corporations, including estimation of outstanding liabilities and cost allocations.

ARM Tech — 1997 to 1998. Actuarial Analyst. Completed actuarial studies, including funding projections, evaluation of outstanding liabilities and cost allocation plans.

Willis Corroon — 1994 to 1997. Actuarial Analyst. Provided casualty actuarial consulting services to self-insured clients located in the western United States.

**ACADEMIC
BACKGROUND**

- B.A. in Economics, University of California at Irvine
- Member of Undergraduate Business Association

**PROFESSIONAL
EXAMINATIONS**

- Casualty Actuarial Society Examination 1

COMPUTER SKILLS

- Microsoft Excel, Microsoft Access, Lotus 1 2 3



DANIEL PARK

Senior Actuarial Analyst

EXPERIENCE *AGRC — 2008 to present.* Senior Actuarial Analyst. Providing actuarial consulting services within the insurance and risk management fields, including loss reserve and funding studies for self-insured workers compensation, automobile liability, and general liability.

**ACADEMIC
BACKGROUND**

- B.A. in Applied Mathematics, University of California, San Diego

**PROFESSIONAL
EXAMINATIONS**

- Casualty Actuarial Society Examinations 1, 2, 3F, 3L, 4C, C1 and C2.
- VEEs: Economics, Corporate Finance, and Applied Statistical Methods.

ZIRUO WANG

Actuarial Analyst

EXPERIENCE *AGRC — 2014 to present.* Actuarial Analyst. Loss reserve and funding studies for self-insured workers compensation, automobile liability, general liability, and property coverages

Aon Hewitt — 2013 to 2014. Pension Benefit Analyst. Worked within the RFM team (Retirement Financial Management Team).

Responsible for delivering timely and accurate results for non-automated pension calculations and associated processes. Worked closely with Benefit Operation Manager to streamline, automate, and standardize the group's processes, also worked closely with senior actuaries on various projects. Reviewed and analyzed business requirement, plan provisions and other data resource to assure my calculations' accuracy.

Beacher Carlson — 2012 to 2013. Actuarial Intern. Helped to compile, process, and analyze data from workers compensation, general liability, auto liability for clients. Performed loss reserve analysis and rate analysis for various casualty lines. Assisted senior actuaries on various special projects.

**ACADEMIC
BACKGROUND**

- B.A. in Math/Applied Science, University of California, Los Angeles
- Member of Bruin Actuarial Society
- Member of Southern California Casualty Actuarial Club

**PROFESSIONAL
EXAMINATIONS**

- Casualty Actuarial Society Examination P, FM, MFE, C, S, and 5.
- VEEs: Economics, Corporate Finance, and Applied Statistical Methods.



APPENDIX B

Public Entity Client List

List of Governmental Entities Clients

Associations and Pools

Alaska Municipal League Joint Insurance Association (AMLJIA)
Amerind Risk Management Corporation
Arizona Municipal Risk Retention Group
California Sanitation Risk Management Association (CSRMA)
California State Association of Counties – Excess Insurance Authority (CSAC-EIA)
California Transit Insurance Pool (CalTIP)
Colorado Intergovernmental Risk Sharing Agency (CIRSA)
Fire Agencies Insurance Risk Authority (FAIRA)
Kansas Eastern Region Insurance Trust (KERIT)
Local Government Liability Pool (LGLP)
Missouri Electric Cooperative Insurance Program
Nebraska Intergovernmental Risk Management Agency (NIRMA)
North Dakota Insurance Reserve Fund (NDRF)
San Diego Pooled Insurance Authority (SANDPIPA)
Santa Clara County Schools Insurance Group
South Carolina Municipal Insurance Trust (SCMIT)
Texas Association of School Boards (TASB)
Tuolumne Joint Powers Authority
Utah Risk Management Mutual Association (URMMA)
Wyoming Association of Risk Management (WARM)

Transportation

Chicago Skyway
Delaware Transit Corporation (DART)
Golden Gate Bridge and Highway District
Greater Lafayette Public Transportation Corporation
Indiana Toll Roads
Massachusetts Association of Regional Transit Authorities
Mississippi State Highway Department
Orange County Transit Authority (OCTA)
Port of Long Beach
Rhode Island Public Transit (RIPTA)
Riverside County Transportation Commission (RCTC)
Riverside Transit Agency (RTA)
San Mateo County Transportation District (SamTrans)
Sonoma County Transit

Education

California Institute of Technology
Compton Unified School District
Hillsborough County Public Schools
Iowa Board of Regents
Lincoln Public Schools
Los Angeles Unified School District
Montana School Boards Association
North Carolina State Board of Education
Purdue University
Riverside County School Districts
San Diego County Office of Education
Southern Illinois University
Texas Association of Public Schools
University of California
University of Hawaii
University of Michigan
University of Mississippi Medical Center
University of Wyoming
Ventura County Schools

Districts and Authorities

Bay Area Air Quality Management District (BAAQMD)
Irvine Ranch Water District (IRWD)
King County Housing Authority (KCHA)
Los Angeles Department of Water and Power (LADWP)
Lower Colorado River Authority (LCRA)
Memphis Light, Gas & Water (MLGW)
Metropolitan Water District of Southern California (MWDSC)
Milwaukee Metropolitan Sewerage District (MMSD)
Missouri River Energy Services (MRES)
Salt River Project
South Tahoe Public Utility District
Turlock Irrigation District (TID)
Utah Municipal Power Agency (UMPA)

States

Alaska Nebraska
Arizona Nevada
California
New Mexico
Colorado North Dakota
Delaware Oklahoma
Hawaii South Dakota
Idaho Utah
Kansas Vermont
Kentucky West Virginia
Michigan Wisconsin
Mississippi Wyoming
Missouri Massachusetts

Cities

Albuquerque, New Mexico
Arlington, Texas
Austin, Texas
Bellevue, Washington
Boise, Idaho
Colorado Springs, Colorado
Costa Mesa, California
Davenport, Iowa
Denver, Colorado
Glendale, Arizona
Jacksonville, Florida
Lafayette, Louisiana
Los Angeles, California
Minneapolis, Minnesota
Myrtle Beach, South Carolina
Norfolk, Virginia
Oakland, California
Ontario, California
Oxnard, California
Petaluma, California
Portland, Oregon
Saint Paul, Minnesota
San Buenaventura, California
San Clemente, California
San Jose, California
Santa Ana, California
Santa Barbara, California
Scottsdale, Arizona
Simi Valley, California
Tallahassee, Florida
Tampa, Florida
Town of East Hartford, Connecticut
Town of Greenwich, Connecticut
Ventura, California
Waterbury, Connecticut
West Palm Beach, Florida

Counties

Alameda, California
Arlington, Virginia
Brevard, Florida
Broward, Florida
Champaign, Illinois
Chesterfield, Virginia
Coconino, Arizona
Cook County, Illinois
Douglas, Oregon
El Paso, Colorado
Harford, Maryland
Johnson, Kansas
Kauai, Hawaii
King, Washington
Larimer, California
Los Angeles, California
Maui, Hawaii
Monterey, California
Morris, New Jersey
Orange, California
Pitkin, Colorado
Putnam, Florida
San Bernardino, California
Travis, Texas



APPENDIX C

Sample Report



Client

Actuarial Study of the Self-Insured Workers Compensation Program as of June 30, 2015

Issue Date: October 20, 2015

100 Bayview Circle, Suite 100
Newport Beach, CA 92660
tel: 949.608.6300 • fax: 949.608.6475 • www.aon.com
Aon Risk Solutions | Global Risk Consulting | Actuarial and Analytics



October 20, 2015

000001

Client Address

Attn: Risk Manager

**Actuarial Study of the
Self-Insured
Workers Compensation Program
as of June 30, 2015**

This study has been completed for the Client for the specific objectives listed in the study. It contains the analysis and conclusions of our work.

Each section and appendix of the study is an integral part of the whole. We recommend a review of the entire study prior to reliance upon this study.

No key personnel have a relationship with the Client that may impair our objectivity.

Please call if you have any questions. Thank you for the opportunity to be of service.

Respectfully submitted,

Aon Risk Consultants, Inc.

Mujtaba Datoo, ACAS, MAAA, FCA
Actuarial Practice Leader

Tracy Fleck, ACAS, MAAA
Senior Consultant and Actuary

Table of Contents

I.	Background	1
II.	Objectives	2
III.	Conclusions	3

Appendices

A	Conditions and Limitations
B	Glossary of Actuarial Terms
C	Exhibits

I. Background

The Client is self-insured for workers compensation. The history of the self-insured retention is shown in Table I-1.

Table I-1
History of Self-Insured Retention

Period (1)	Self-Insured Retention (2)
To 06/30/82	\$250,000
07/01/82 to 06/30/85	100,000
07/01/85 to 06/30/86	150,000
07/01/86 to 06/30/87	200,000
07/01/87 to 06/30/88	250,000
07/01/88 to 06/30/97	300,000
07/01/97 to 06/30/01	250,000
07/01/01 to 06/30/02	325,000
07/01/02 to 06/30/05	500,000
07/01/05 to 06/30/07	750,000
07/01/07 to present	1,000,000

Note: Above information provided by the Client.

Claims are administered by the ABC TPA. They were previously administered by XYZ TPA.

Data

Workers compensation data valued as of June 30, 2015 was provided to us by the Client. The Client provided payroll information for years through 2016/17.

In conducting this analysis, we relied upon the provided data without audit or independent verification; however, we reviewed it for reasonableness and consistency. Any inaccuracies in quantitative data or qualitative representations could have a significant effect on the results of our review and analysis. Any material discrepancies discovered in the loss data by the Client or any other parties should be reported to us immediately, and if warranted, we will make appropriate amendments to the report.

II. Objectives

The specific objectives of this study are:

1. **Estimate Outstanding Losses.** Estimate outstanding losses (including allocated loss adjustment expenses [ALAE]) as of June 30, 2015.

The estimated outstanding losses are the cost of unpaid claims. The estimated outstanding losses include case reserves, the development of known claims and incurred but not reported (IBNR) claims. ALAE are the direct expenses for settling specific claims. The amounts are limited to the self-insured retention.

2. **Project Ultimate Limited Losses.** Project ultimate limited losses (including ALAE) for 2015/16 and 2016/17.

The projected ultimate limited losses are the accrual value of losses with accident dates during 2015/16 and 2016/17, regardless of report or payment date. The amounts are limited to the self-insured retention.

3. **Project Losses Paid.** Project losses paid during 2015/16 and 2016/17.

The projected losses paid are the claim disbursements during 2015/16 and 2016/17, regardless of accident or report date. The amounts are limited to the self-insured retention.

4. **Size of Loss Distribution Analysis.** Analyze the distribution of losses in various layers.

5. **Compare to Previous Actuarial Study.** Compare to the previous actuarial study valued as of June 30, 2014.

6. **Affirm GASB Statement No. 10.** Provide a statement affirming the conclusions of this report are consistent with GASB Statement No. 10.

III. Conclusions

1. Estimate Outstanding Losses

We estimate outstanding losses (including ALAE) as of June 30, 2015 as shown in Table III-1.

Table III-1
Estimated Outstanding Losses
June 30, 2015

Confidence Level (1)	Estimated Outstanding Losses (2)	Present Value of Estimated Outstanding Losses (3)
(A) Expected	\$3,330,800	\$3,120,649
(B) 70%	3,830,420	3,588,746
(C) 80%	4,496,580	4,212,876
(D) 90%	5,662,360	5,305,103

Note: (A) is from Exhibit WC-11.
(B) to (D) are based on (A) and actuarial judgment.

The estimated outstanding losses increased by about \$91,000, compared to our prior estimate as of June 30, 2014, which was \$3,239,800.

The present value of the estimated outstanding losses is the amount of money, discounted for anticipated investment income, required to meet unpaid claims. It is calculated based on a 2.0% yield on investments, as provided by the Client.

The amounts in Table III-1A include '4850' benefits. These benefits are full-salary continuance for safety personnel (law enforcement) as defined by California *Labor Code* Section §4850. They are typically about 5% of the estimated outstanding losses. Governmental Accounting Standards Board (GASB) Statement No. 10 requires the Client to recognize '4850' benefits in financial statements.

GASB Statement No. 10 also specifies that a liability for outstanding unallocated loss adjustment expenses (ULAE) needs to be established for governmental entities. ULAE are primarily composed of future claims administration for open claims. They are typically 5% to 10% of the estimated outstanding losses.

The estimated outstanding losses reflect the excess insurance maintained by the Client.

2. Project Ultimate Limited Losses

We project ultimate limited losses (including ALAE) for 2015/16 and 2016/17 as shown in Tables III-2A and III-2B.

Table III-2A
Projected Ultimate Limited Losses
2015/16

Confidence Level (1)	Projected Payroll (000) (2)	Full Value		Present Value	
		Loss Rate per \$100 of Payroll (3)	Projected Ultimate Losses (4)	Loss Rate per \$100 of Payroll (5)	Projected Ultimate Losses (6)
(A) Expected	\$30,401	\$2.69	\$818,000	\$2.51	\$763,000
(B) 70%	30,401	3.10	941,000	2.89	877,000
(C) 80%	30,401	3.90	1,186,000	3.64	1,106,000
(D) 90%	30,401	5.38	1,636,000	5.02	1,526,000

Note: (A) is from Exhibit WC-10.
(B) to (D) are based on (A) and actuarial judgment.

Table III-2B
Projected Ultimate Limited Losses
2016/17

Confidence Level (1)	Projected Payroll (000) (2)	Full Value		Present Value	
		Loss Rate per \$100 of Payroll (3)	Projected Ultimate Losses (4)	Loss Rate per \$100 of Payroll (5)	Projected Ultimate Losses (6)
(A) Expected	\$31,314	\$2.75	\$860,000	\$2.56	\$802,000
(B) 70%	31,314	3.16	989,000	2.94	922,000
(C) 80%	31,314	3.98	1,247,000	3.71	1,163,000
(D) 90%	31,314	5.49	1,720,000	5.12	1,604,000

Note: (A) is from Exhibit WC-10.
(B) to (D) are based on (A) and actuarial judgment.

We project ultimate limited losses (including ALAE) for 2015/16 and 2016/17 at various self-insured retentions to be as shown in Tables III-2C and III-2D.

Table III-2C
Projected Ultimate Limited Losses
2015/16

SIR (1)	Projected Payroll (000) (2)	Full Value		Present Value	
		Loss Rate per \$100 of Payroll (3)	Projected Ultimate Losses (4)	Loss Rate per \$100 of Payroll (5)	Projected Ultimate Losses (6)
(A) \$250,000	\$30,401	\$2.23	\$679,000	\$2.08	\$633,000
(B) \$500,000	30,401	2.53	769,000	2.36	717,000
(C) \$750,000	30,401	2.64	802,000	2.46	748,000
(D) \$1,000,000	30,401	2.69	818,000	2.51	763,000

Note: (A) through (C) are based on (D) and actuarial judgment.
(D) is from Exhibit WC-10.

Table III-2D
Projected Ultimate Limited Losses
2016/17

SIR (1)	Projected Payroll (000) (2)	Full Value		Present Value	
		Loss Rate per \$100 of Payroll (3)	Projected Ultimate Losses (4)	Loss Rate per \$100 of Payroll (5)	Projected Ultimate Losses (6)
(A) \$250,000	\$31,314	\$2.28	\$714,000	\$2.13	\$666,000
(B) \$500,000	31,314	2.58	808,000	2.41	754,000
(C) \$750,000	31,314	2.69	843,000	2.51	786,000
(D) \$1,000,000	31,314	2.75	860,000	2.56	802,000

Note: (A) through (C) are based on (D) and actuarial judgment.
(D) is from Exhibit WC-10.

The present value of the projected ultimate limited losses is the amount of money, discounted for anticipated investment income, required to meet claims. It is calculated based on a 2.0% yield on investments, as provided by the Client.

Loss Experience Trends

Graphs III-1A and III-1B show loss experience trends for workers compensation as measured by loss rate per \$100 of payroll and frequency and severity, respectively.

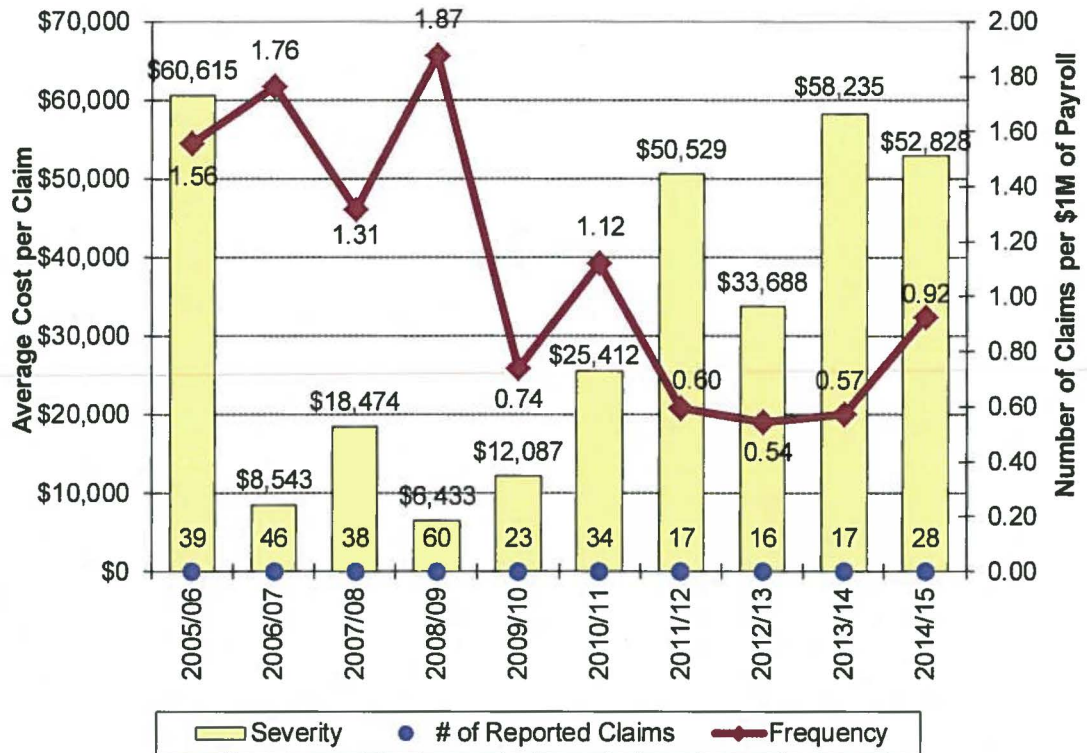
Graph III-1A
Loss Rate per \$100 of Payroll



Note: Loss rates are from Exhibit WC-10, columns (4) and (7).

The high loss rate for 2005/06 was mainly due to four large claims each with reported incurred losses greater than \$150,000. They contributed about \$1.6 million in reported incurred losses as of June 30, 2015. These claims can be found in Exhibit WC-15.

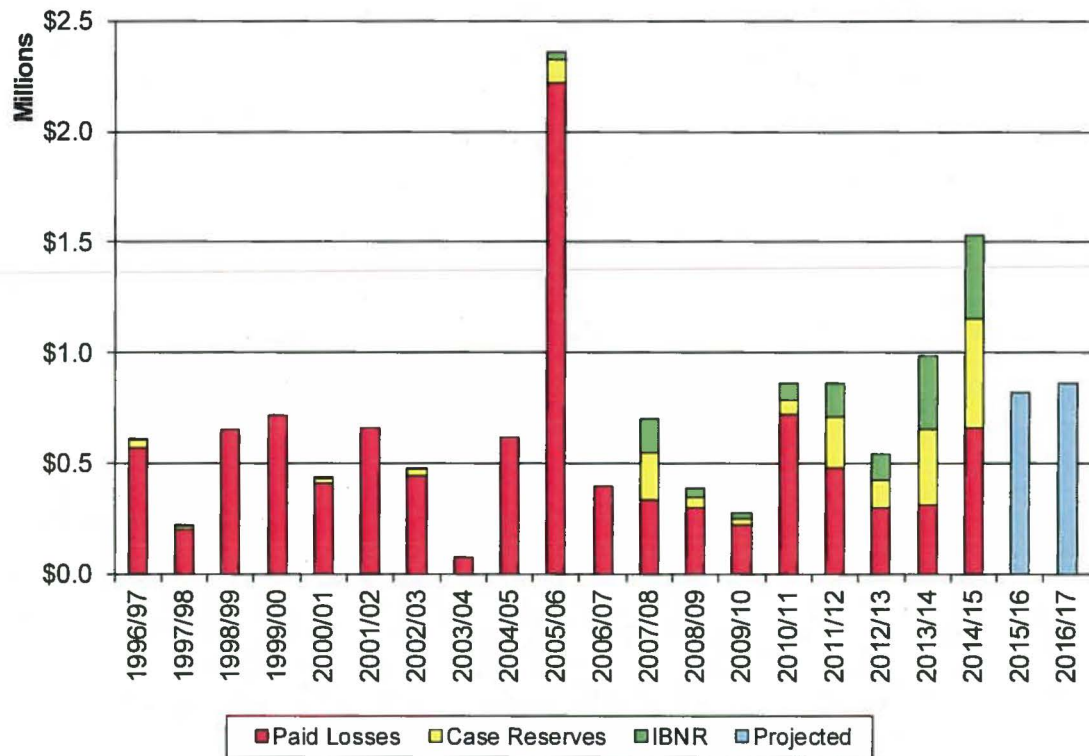
**Graph III-1B
Frequency and Severity**



Note: Frequency amounts are from Exhibit WC-8, Section I, column (7).
Severity amounts are based on the projected claim counts in Exhibit WC-8 and the projected ultimate losses in Exhibit WC-9.

Graph III-1C shows the composition of the projected ultimate limited losses for workers compensation.

Graph III-1C
Composition of Projected Ultimate Limited Losses



Note: Amounts through 2014/15 are from Exhibit WC-11.
Amounts for 2015/16 and 2016/17 are from Exhibit WC-10.

For 2005/06, we noted four large claims, which totaled about \$1.6 million in reported limited incurred losses as of June 30, 2015. These four claims can be found in the list of large claims (Exhibit WC-15).

3. Project Losses Paid

We project losses paid (including ALAE) during 2015/16 and 2016/17 as shown in Table III-3.

Table III-3
Projected Losses Paid
2015/16 and 2016/17

Item (1)	2015/16 (2)	2016/17 (3)
(A) Projected losses paid	\$1,112,723	\$955,595

Note: (2) is from Exhibit WC-12.
(3) is from Exhibit WC-13.

4. Size of Loss Distribution Analysis

Table III-4 shows the distribution of losses in various layers for workers compensation.

Table III-4
Size of Loss Distribution

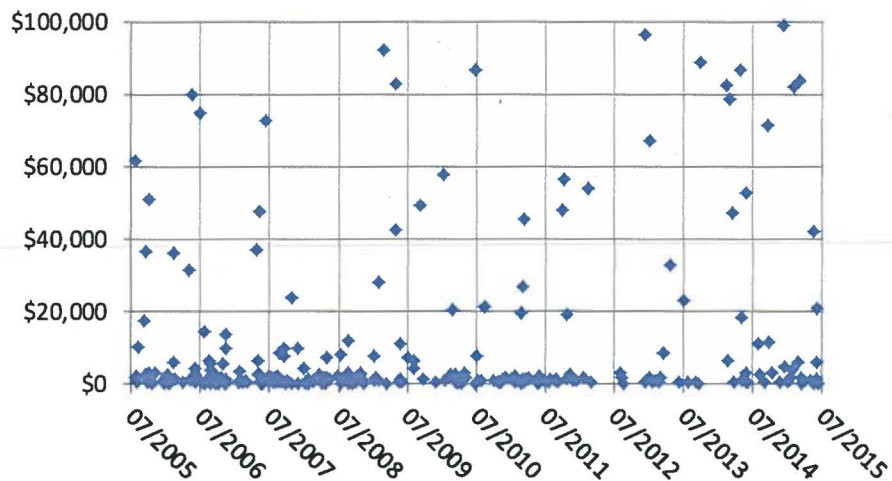
Layer (1)	Total Reported Claims (2)	Percent of Total (2)/Total(2) (3)	Cumulative Percent of Total (4)	Total Reported Incurred Losses (5)	Percent of Total (5)/Total(5) (6)	Cumulative Percent of Total (7)
(A) \$1 to \$5,000	794	74.3%	74.3%	\$732,836	3.5%	3.5%
(B) \$5,000 to \$10,000	52	4.9%	79.1%	359,263	1.7%	5.2%
(C) \$10,000 to \$25,000	73	6.8%	86.0%	1,195,887	5.7%	10.9%
(D) \$25,000 to \$50,000	53	5.0%	90.9%	1,976,849	9.4%	20.2%
(E) \$50,000 to \$100,000	46	4.3%	95.2%	3,402,745	16.2%	36.4%
(F) \$100,000 to \$250,000	29	2.7%	97.9%	4,548,188	21.6%	58.0%
(G) \$250,000 to \$500,000	16	1.5%	99.4%	5,168,796	24.5%	82.5%
(H) \$500,000 to \$750,000	6	0.6%	100.0%	3,683,079	17.5%	100.0%
(I) \$750,000 to \$1,000,000	0	0.0%	100.0%	0	0.0%	100.0%
(J) Over \$1,000,000	0	0.0%	100.0%	0	0.0%	100.0%
(K) Total (A) ... (J)	1,069	100%		\$21,067,642	100%	

Note: See Exhibit WC-16.

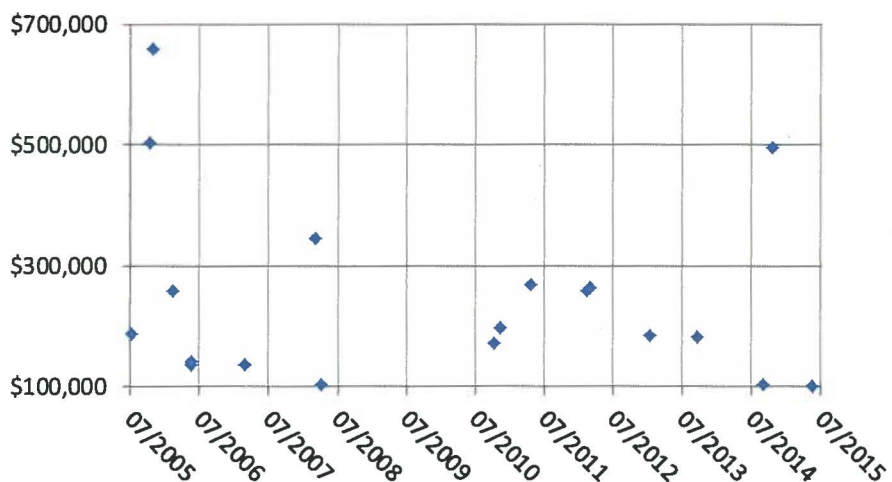
For workers' compensation, about 79% of the non-zero claims reported are below \$10,000 and represent about 5% of the incurred amounts. The remaining 21% of the claims consume about 95% of the incurred amounts.

The reported workers compensation loss experience by claim size is shown graphically below, with each point representing one claim.

Graph III-4A
Claim Size Distribution
Claims with Incurred Amount below \$100,000



Graph III-4B
Claim Size Distribution
Claims with Incurred Amount above \$100,000



5. Compare to Previous Actuarial Study

The changes in the limited case reserves by claim period are shown in Table III-5A.

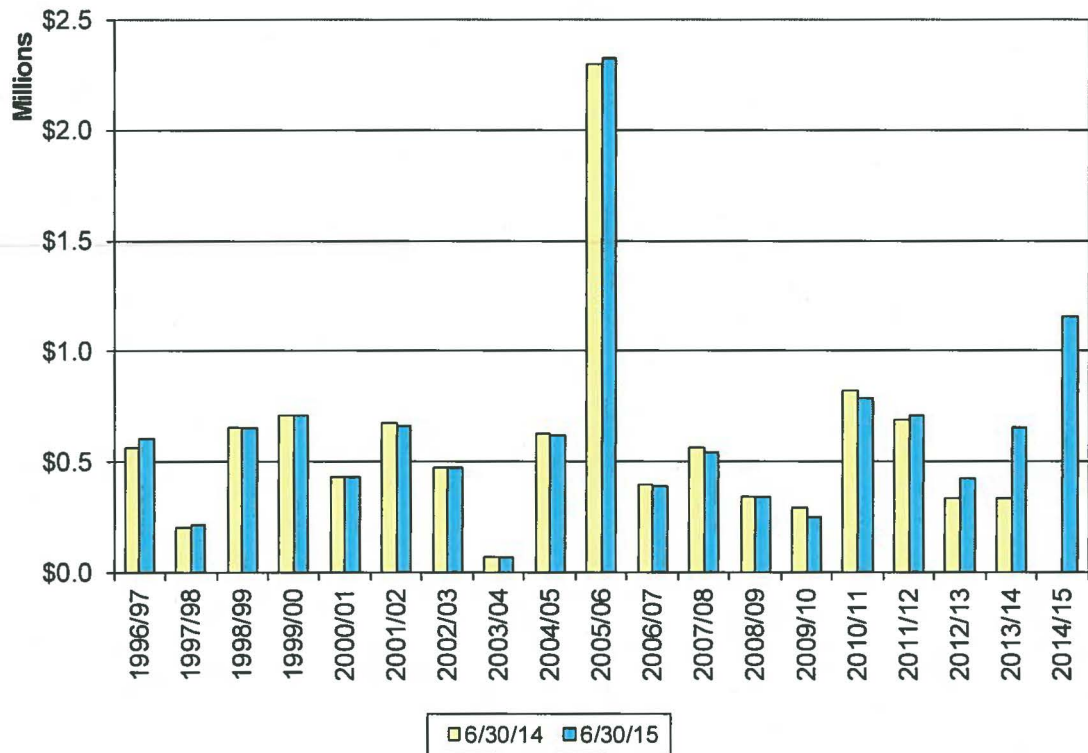
Table III-5A
Comparison of Limited Case Reserves
June 30, 2014 to June 30, 2015

Claim Period (1)	Limited Case Reserves as of 6/30/14 (2)	Limited Case Reserves as of 6/30/15 (3)	Change (3) - (2) (4)
to 1995/96	\$168,500	\$224,000	\$55,500
1996/97	0	34,000	34,000
1997/98	3,163	10,000	6,837
1998/99	0	0	0
1999/00	0	0	0
2000/01	29,852	27,000	(2,852)
2001/02	15,549	0	(15,549)
2002/03	30,207	27,000	(3,207)
2003/04	0	0	0
2004/05	6,437	0	(6,437)
2005/06	178,106	110,000	(68,106)
2006/07	0	0	0
2007/08	251,157	214,000	(37,157)
2008/09	51,000	50,000	(1,000)
2009/10	68,838	30,000	(38,838)
2010/11	258,003	62,000	(196,003)
2011/12	259,409	230,000	(29,409)
2012/13	190,306	126,000	(64,306)
2013/14	197,029	342,000	144,971
2014/15		500,000	500,000
Total	\$1,707,558	\$1,986,000	\$278,442

Note: (2) is from the previous actuarial study.
(3) is from Exhibit WC-1.

Graph III-5A is a graphical comparison of the limited reported incurred losses by fiscal year of occurrence of the workers compensation program from the previous study to the current study.

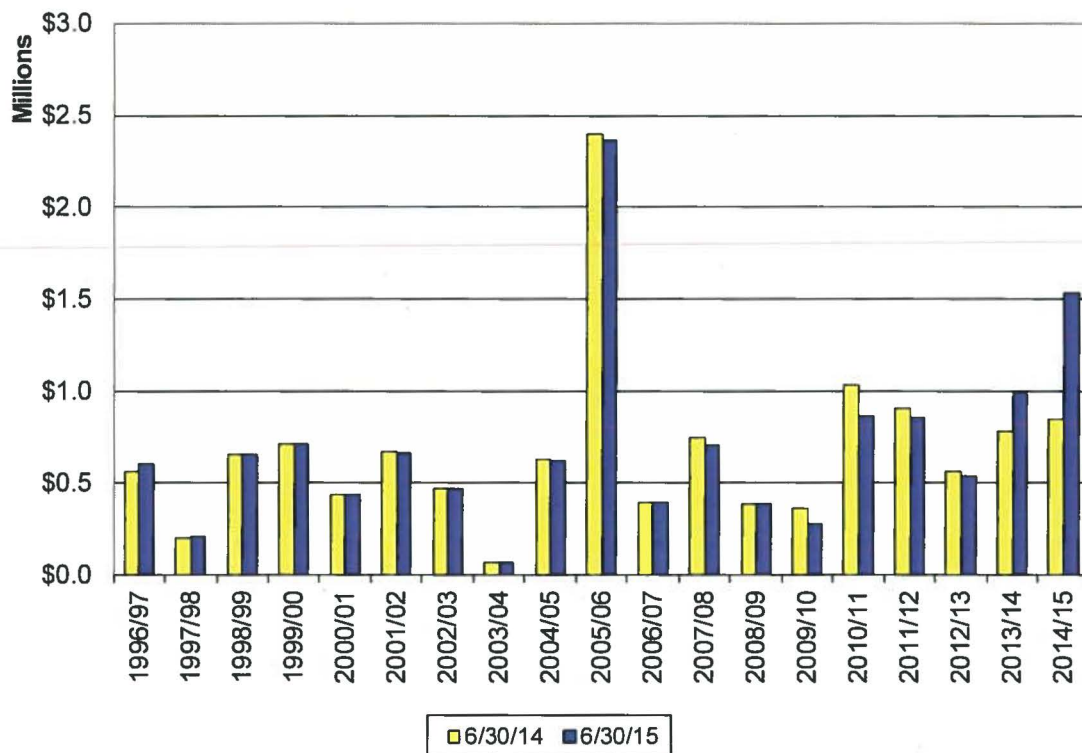
Graph III-5A
Comparison of Limited Reported Incurred Losses
as of June 30, 2014 and June 30, 2015



Note: Amounts as of June 30, 2014 are from the previous actuarial study.
Amounts as of June 30, 2015 are from Exhibit WC-1.

Graph III-5B is a graphical comparison of the projected ultimate limited losses by fiscal year of occurrence of the workers compensation program from the previous study to the current study.

Graph III-5B
Comparison of Projected Ultimate Limited Losses
as of June 30, 2014 and June 30, 2015



Note: Amounts as of June 30, 2014 are from the previous actuarial study.
Amounts as of June 30, 2015 are from Exhibits WC-9.

For all claims through 2013/14, the change in the projected ultimate limited losses from June 30, 2014 to June 30, 2015 was -0.3%.

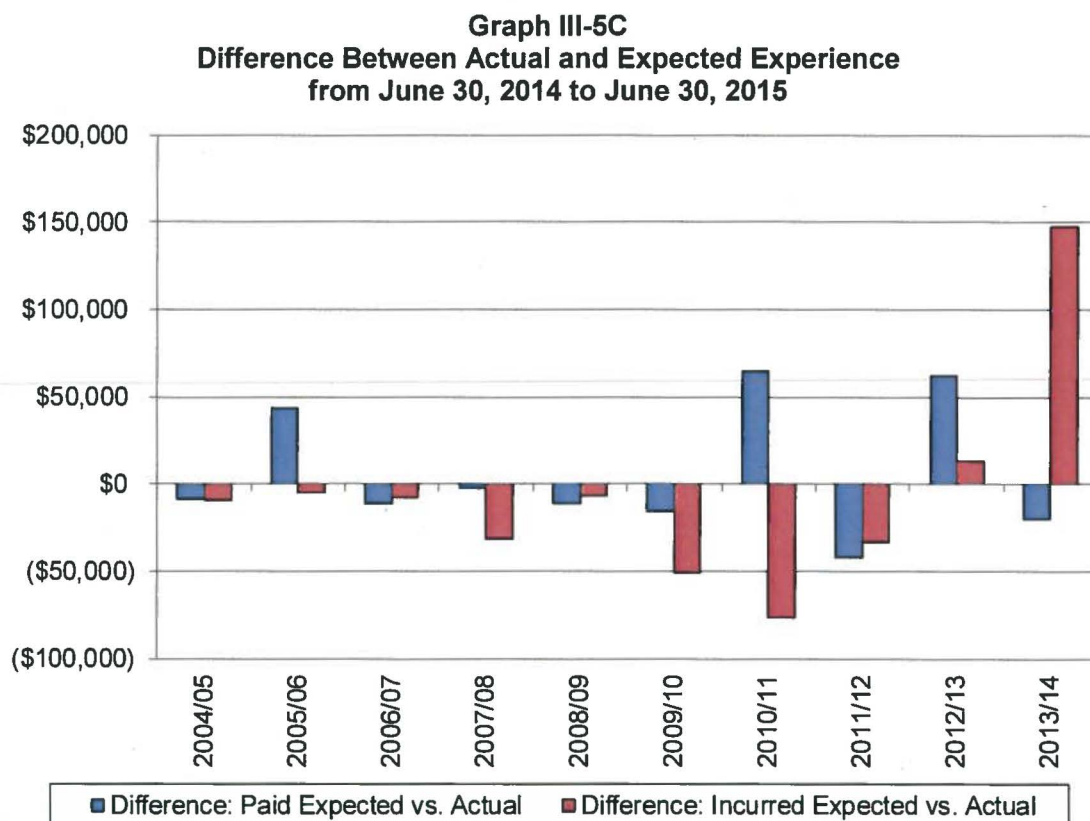
Actual loss experience versus expected experience in the prior actuarial study, for both paid and incurred losses, is shown in Table III-5B.

Table III-5B
Comparison of Actual and Expected Experience
June 30, 2014 to June 30, 2015

Claim Period (1)	Paid Losses in the Period			Incurred Losses in the Period		
	Actual (2)	Expected (3)	Difference (2) - (3) (4)	Actual (5)	Expected (6)	Difference (5) - (6) (7)
to 1995/96	\$43,102	\$0	\$43,102	\$98,602	\$0	\$98,602
1996/97	4,421	0	4,421	38,421	0	38,421
1997/98	5,506	0	5,506	12,343	0	12,343
1998/99	(103)	0	(103)	(103)	0	(103)
1999/00	(161)	0	(161)	(161)	0	(161)
2000/01	2,570	0	2,570	(281)	0	(281)
2001/02	2,768	3,322	(554)	(12,782)	0	(12,782)
2002/03	3,772	4,618	(846)	565	0	565
2003/04	136	1,374	(1,239)	136	358	(222)
2004/05	2,858	11,757	(8,898)	(3,579)	6,177	(9,756)
2005/06	97,983	54,698	43,286	29,877	34,826	(4,948)
2006/07	(433)	10,481	(10,914)	(433)	7,488	(7,920)
2007/08	19,910	22,553	(2,642)	(17,247)	14,013	(31,259)
2008/09	4,877	15,894	(11,016)	3,877	10,570	(6,693)
2009/10	977	16,651	(15,674)	(37,861)	12,541	(50,402)
2010/11	162,400	97,795	64,605	(33,603)	42,841	(76,444)
2011/12	52,027	93,662	(41,636)	22,618	55,788	(33,170)
2012/13	150,771	88,461	62,310	86,465	72,448	14,017
2013/14	170,131	190,363	(20,233)	315,101	167,041	148,061
Total	\$723,513	\$611,630	\$111,884	\$501,956	\$424,089	\$77,867

Note: (2) and (5) are actual experience from June 30, 2014 to June 30, 2015.
(3) and (6) are the expected amounts from June 30, 2014 to June 30, 2015.

Graph III-5C shows the actual experience minus the expected experience for 2004/05 through 2013/14.



6. Affirm GASB Statement No. 10

We affirm the conclusions of this report are consistent with GASB Statement No. 10.

Conditions and Limitations

It is important to understand the conditions and limitations listed below. Each chapter and section is an integral part of the whole study. If there are questions, please contact Aon for clarification.

- **Data Quality.** We relied upon data provided by the organization shown on the transmittal page or its designated agents. The data was used without verification or audit, other than checks for reasonableness. Unless otherwise stated, we assumed the data to be correct and complete.
- **Economic Environment.** Unless otherwise stated, we assumed the current economic conditions will continue in the foreseeable future.
- **Insurance Coverage.** Unless otherwise stated, we assumed no insurance coverage changes (including coverage provided by the organization to others) subsequent to the date this study was prepared. This includes coverage language, self-insured retention, limitations and similar issues.
- **Insurance Solvency.** Unless otherwise stated, we assumed all insurance purchased by the organization is from solvent sources payable in accordance with terms of the coverage document.
- **Interest Rate.** The exhibits specify the annual interest rate used.
- **Methodology.** In this study, different actuarial methods were applied. In some instances, the methods yield significantly disparate results. The estimates, projections and recommendations in this study reflect our judgments as to the best method or combination of methods that are most reliable and reflective of the exposure to loss.
- **Reproduction.** This study may only be reproduced in its entirety.
- **Risk and Variability.** Insurance is an inherently risky enterprise. Actual losses may vary significantly from our estimates, projections and recommendations. They may emerge higher or lower.

- **Statutory and Judicial Changes.** Legislatures and judiciaries may change statutes that govern indemnification. This includes benefit levels for workers compensation, immunities and limitations for liability, and other similar issues. Unless otherwise stated, we assumed no statutory changes subsequent to the date this study was prepared.
- **Supplemental Data.** In addition to the data provided by the organization, we supplemented our analysis with data from similar organizations and insurance industry statistics, as we deemed appropriate.
- **Usage.** This study has been prepared for the usage of the organization shown on the transmittal page. It was not prepared for and may not be appropriate for use by other organizations. Other organizations should obtain written permission from Aon prior to use of this study.

Glossary of Actuarial Terms

Actuarial Methods (Most Common)

A major objective of an actuarial study is to statistically project ultimate losses. The following actuarial methods are the most common:

- Developed Paid Losses
- Developed Reported Incurred Losses
- Developed Case Reserves
- Frequency Times Severity Analysis
- Loss Rate Analysis

The following describes each method:

1. **Developed Paid Losses.** Paid losses represent the amounts actually paid to claimants (less excess insurance recoveries). As time goes on, loss payments continue until all claims are closed and there are no remaining payments expected. At this time, the ultimate losses for the claim period are known. This common process is called "paid loss development."

Paid loss development is an extrapolation of actual dollars paid. It does not depend on case reserve estimates. A potential shortcoming of utilizing this method is that only a small fraction of total payments have been made for the most recent claim periods. Extrapolating ultimate losses based on small amounts of actual payments may be speculative. A second potential shortcoming is that payment patterns can change over time.

2. **Developed Reported Incurred Losses.** Reported incurred losses are paid losses plus case reserves. In most programs, total reported incurred losses underestimate the ultimate losses. Over time, as more information about a body of claims becomes known, they are adjusted either up or down until they are closed. Though many individual claims settle for less than what was estimated, these decreases are generally more than offset by increases in the cost of other claims for which new information has emerged.

The net effect is that total estimated costs are often revised upward over time. This normal process is called "reported incurred loss development." Actuaries typically review the development patterns of the recent past to make projections of the expected future loss development and, therefore, estimations of ultimate losses.

3. **Developed Case Reserves.** A case reserve is an estimate of the unpaid amount established by claims adjusters for which a particular claim will ultimately be settled or adjudicated. The developed case reserves method is a hybrid of the paid loss development and reported incurred loss development methods. It relies on the historical adequacy of case reserves to predict ultimate losses.

4. **Frequency Times Severity Analysis.** The frequency times severity analysis is an actuarial method that uses a preliminary projection of ultimate losses to project claims severity. The claims severity times the number of claims is a predictor of ultimate losses. The focus of the frequency times severity analysis is that ultimate losses each period are dependent on the number of claims.
5. **Loss Rate Analysis.** The loss rate analysis is based on the historical loss rates per exposure unit (such as payroll, vehicles or property value). The loss rates (projected ultimate losses divided by exposure units) are trended to reflect the effect of claim cost inflation and retention changes. The trended loss rates represent the rates that one would see if all of the claims had been handled in the claim cost environment that will be present in the upcoming period. The trended loss rate times the projected exposure units is a predictor of losses.
6. **Bornhuetter-Ferguson Method (B-F).** The B-F method is an actuarial method that weights a preliminary projection of ultimate losses with projections of ultimate losses determined by other actuarial methods (usually the developed paid losses and developed reported incurred losses methods). For less mature claim periods, the B-F method leans more heavily to the preliminary projection. It gradually converges to the projections of ultimate losses determined by the other actuarial methods as the claim periods mature.

Actuary

A specialist trained in mathematics, statistics, and finance who is responsible for rate, reserve, and dividend calculations and other statistical studies.

Allocated Loss Adjustment Expenses

Allocated loss adjustment expenses (ALAE) are the direct expenses to settle specific claims. These expenses are primarily legal expenses.

Governmental Accounting Standards Board (GASB) Statement No. 10 requires that ALAE be included in financial statements and that they be calculated by actuarial methods.

American Academy of Actuaries

A society concerned with the development of education in the field of actuarial science and with the enhancement of standards in the actuarial field. Members may use the designation MAAA (Member, American Academy of Actuaries).

Benefits

The financial reimbursement and other services provided insureds by insurers under the terms of an insurance contract. An example would be the benefits listed under a life or health insurance policy or benefits as prescribed by a workers compensation law.

Casualty Actuarial Society

A professional society for actuaries in areas of property and casualty insurance work. This society grants the designation of Associate of the Casualty Actuarial Society (ACAS) and Fellow of the Casualty Actuarial Society (FCAS).

Claim

Demand by an individual or entity to recover for a loss.

Claims Made

A policy written on this basis covers only those claims that are made during the policy period. Coverage for prior acts is provided back to what is known as the retroactive date, which is the effective date of the original claims made policy with the same insurer.

Composite Rate

A single rate with a single basis of premium (e.g., payroll or sales). For this single rate the insured is covered for a variety of hazards, such as premises and operations, completed operations, products liability, and automobile. Its primary value is to compute premium simply.

Confidence Level

A confidence level is the statistical certainty that an actuary believes funding will be sufficient. For example, an 80% confidence level means that the actuary believes funding will be sufficient in eight years out of ten.

Confidence levels are determined based on mathematical models. Coverages that are low frequency and high severity (such as excess liability) are subject to greater risk than coverages that are high frequency and low severity (such as automobile physical damage). Therefore, they need a greater margin to attain a given confidence level.

Coverage

The scope of the protection provided under a contract of insurance.

Credibility

Credibility is the belief that the sample data is an accurate reflection of the larger population. Credibility is highest when the sample data is large and the standard deviation (discussed later) of the larger population is low.

Dates

There are at least three milestone dates in a claim. They are the date of injury or accident, the date of report and the date of closure. It is best if each of these dates is recorded. Some organizations may also keep the date a claim becomes a lawsuit, as opposed to a demand. Aon recommends this additional level of detail, especially if the data is to be used for litigation management.

Deductible

The portion of an insured loss to be borne by the insured before he is entitled to recovery from the insurer. Deductibles may be expressed as a dollar amount, percentage or waiting period.

Disability

A condition that curtails a person's ability to carry on his normal pursuits. A disability may be partial or total, and temporary or permanent.

Dividend (Policyholder)

The return of part of the premium paid for a policy issued on a participating basis by either a mutual or a stock insurer.

Estimated Outstanding Losses

Estimated outstanding losses are the cost of claims that have occurred but have not yet been paid. They typically include indemnification and allocated loss adjustment expenses (ALAE), but not unallocated loss adjustment expenses (ULAE).

Estimated outstanding losses are calculated as projected ultimate losses less paid losses. Alternatively, they are the sum of case reserves and incurred but not reported (IBNR) claims.

Estimated outstanding losses are usually the largest single item listed as a liability on the balance sheet of a public entity's financial statement. GASB Statement No. 10 requires they be calculated by actuarial methods. Other common names for estimated outstanding losses are outstanding claims liabilities and unpaid claims.

Experience Rating

A method of adjusting the premium for a risk based on past loss experience for that risk compared to loss experience for an average risk.

Exposure Data

Exposure data refers to the activities of the organization. For example, payroll is the most common exposure measure for workers compensation. Aon suggests collecting exposure data with the following characteristics:

- **Readily Available.** The exposure data should be easily obtained. It is best if it is a byproduct of other activities, although this is not always possible. If getting data is arduous, it may discourage collection.
- **Vary With Losses.** The exposure data should correlate directly with losses. The ideal situation is where exposure and expected losses move in tandem. The exposure base needs to be fitting to the coverage. For example, the number of employees may vary with property losses (more employees = more office space = more losses), but property value is a clearly superior exposure base for property losses.

Generally Accepted Accounting Principles (GAAP)

These principles are intended to produce financial results (in the insurance industry) consistent with those of other industries and to assure consistency in financial reporting.

Incurred But Not Reported

IBNR is really comprised of two distinct items. These are the development of known case reserves (incurred but not enough reported [IBNER] and incurred but not yet reported [IBNYR]).

IBNER are the actuary's estimate of the inadequacy of case reserves. Most claims settle at amounts close to what is set by the claims administrator. Some claims close favorably and some emerge as more expensive. On balance, case reserves tend to be too low (especially for recent years). IBNER is the actuary's estimate of the amount total case reserves will rise upon closure.

IBNYR refers to those claims that have occurred, but have not yet been reported. A classic example is medical malpractice claim reported several years after the medical procedure was performed.

Insurance Services Office (ISO)

An organization of the property and casualty insurance business designed to gather statistics, promulgate rates, and develop policy forms.

Investment Income

The return received by entities from their investment portfolios, including interest, dividends and realized capital gains on stocks. Realized capital gains means the profit realized on assets that have actually been sold for more than their purchase price.

Limited

Most programs purchase excess insurance for catastrophic claims. For example, they may purchase coverage for claims above a \$500,000 per occurrence self-insured retention. "Limited" refers to an estimate or projection being limited to the self-insured retention. In contrast, "unlimited" means a loss projection not limited to the self-insured retention.

Other common names for limited are net of excess insurance or capped losses.

Loss Development

The difference between the amount of losses initially estimated by the insurer and the amount reported in an evaluation on a later date. Loss development is typically measured for paid losses, reported incurred losses and claim counts.

Manual Rates

Usually, the published rate for some unit of insurance. An example is in the workers compensation manual, where the rates shown apply to each \$100 of the payroll of the insured, \$100 being the "unit."

National Council on Compensation Insurance (NCCI)

An association of workers compensation insurance companies whose main functions are collecting statistics and calculating rates, establishing policy wording, developing experience and retrospective rating plans, and serving as the filing organization for member companies.

Net

Many pooling programs assign deductibles to members. For example, each member may have a \$5,000 per claim deductible. "Net" refers to a loss estimate or projection that excludes amounts below member deductibles.

Occurrence

An event that results in an insured loss. In some lines of insurance, such as general liability, it is distinguished from accident in that the loss does not have to be sudden and fortuitous and can result from continuous or repeated exposure that results in bodily injury or property damage neither expected nor intended by the insured.

Pool

An organization of entities through which particular types of risks are written with the premiums, losses, and expenses shared in agreed amounts among the members belonging to the organization.

Premium

The price of insurance protection for a specified risk for a specified period of time.

Present Value

The amount of money that future amounts receivable are currently worth. For example, a Life Insurance policy may provide for payments to be made monthly for ten years. The present value of that money would be less than the total amount of the regular periodic payments for 10 years because of the amount of interest that a present lump sum could earn during the term than the payments otherwise would have been made.

Probability

The probability is the likelihood of an event. It is a measure of how likely a value or event is to occur. It can be measured from data by calculating the number of occurrences of the value or event divided by the total number of occurrences. This calculation can be converted to a percentage. For example, tossing a coin has a 50% probability of heads or tails.

Projected Losses Paid

Projected losses paid are the projected claims disbursements in a period, regardless of when the claim occurred. They typically include indemnification and ALAE, but not unallocated loss adjustment expenses (ULAE).

"Projected losses paid" is a cash-flow analysis that can be used in making investment decisions.

Projected Ultimate Losses

Projected ultimate losses are the accrual value of claims. They are the total amount that is expected to be paid in a particular claim period after all claims are closed. Projected ultimate losses are the total loss costs for a particular period. They typically include indemnification and ALAE, but not ULAE.

Other common names for projected ultimate losses are expected losses, ultimate losses and total losses.

Rate

The cost of a given unit of insurance. For example, in life insurance, it is the price of \$1,000 of the face amount. In property insurance, it is the rate per \$100 of value to be insured. The premium is the rate multiplied by the number of units of insurance purchased.

Retrospective Rating

A method for which the final premium is not determined until the end of the coverage period, and is based on the insured's own loss experience for that same period. It is usually subject to a maximum

and minimum premium. A plan of this type can be used in various types of insurance, especially workers compensation and liability, and is usually elected by only very large insureds.

Salvage

Property taken over by an entity to reduce its loss. Automobile physical damage losses can be reduced by the sale of recovered vehicles.

Schedule Rating

The application of debits or credits within established ranges for various characteristics of a risk according to an established schedule of items. Under liability and automobile insurance, the schedule rating plan allows credits and debits for various good or bad features of a particular commercial risk. An example in automobile schedule rating would be allowing credits for driver training classes or fleet maintenance programs.

Self-Insurance Retention (SIR)

That portion of a risk or potential loss assumed by an insured. It is often in the form of a per occurrence deductible.

Society of Actuaries (SOA)

A professional society for actuaries in areas of pensions, and life and health insurance work. The SOA grants the designation Associate of the Society of Actuaries (ASA) and Fellow of the Society of Actuaries (FSA).

Standard Premium

Most often used in connection with retrospective rating for Workers Compensation and General Liability Insurance. It is the premium of which the basic premium is a percentage and is developed by applying the regular rates to an insured's payroll.

State Fund

A fund set up by a state government to finance a mandatory insurance system, such as Workers Compensation or non-occupational disability benefits. Such a fund may be monopolistic, i.e., purchasers of the type of insurance required must place it in the state fund; or it may be competitive, i.e., an alternative to private insurance if the purchaser desires to use it.

Statutory Accounting Principles (SAP)

Those principles required by statute that must be followed by an insurance company or other similar entity when submitting its financial statement to the state insurance department. Such principles differ from (GAAP) in some important respects. For one thing SAP requires that expenses must be

recorded immediately and cannot be deferred to track with premiums as they are earned and taken into revenue.

Unallocated Loss Adjustment Expenses

Unallocated loss adjustment expenses (ULAE) are the indirect expenses to settle claims. These expenses are primarily administration and claims handling expenses.

GASB Statement No. 10 requires that ULAE be included in financial statements and that they be calculated by actuarial methods.

Exhibits

The attached exhibits detail our analysis.

CLIENT
WORKERS' COMPENSATION
Data Summary as of June 30, 2015
Losses Limited to Self-Insured Retention

Exhibit WC-1 (page 1)

Claim Period (1)	Specific Self-Insured Retention (2)	Aggregate Retention (3)	Months of Development 6/30/15 (4)	Payroll (000) (5)	Reported Claims 6/30/15 (6)	Open Claims 6/30/15 (7)	Limited Paid Losses 6/30/15 (8)	Limited Case Reserves 6/30/15 (9)	Limited Reported Incurred Losses 6/30/15 (10)
to 1995/96	See Note	None	240.0	Not Provided	513	12	\$6,376,000	\$224,000	\$6,600,000
1996/97	300,000	None	228.0	16,484	44	2	569,000	34,000	603,000
1997/98	250,000	None	216.0	15,721	22	1	203,000	10,000	213,000
1998/99	250,000	None	204.0	17,402	35	1	654,000	0	654,000
1999/00	250,000	None	192.0	17,790	40	2	713,000	0	713,000
2000/01	250,000	None	180.0	18,324	27	2	406,000	27,000	433,000
2001/02	325,000	None	168.0	18,873	33	0	660,000	0	660,000
2002/03	500,000	None	156.0	22,498	35	1	444,000	27,000	471,000
2003/04	500,000	None	144.0	22,974	20	0	72,000	0	72,000
2004/05	500,000	None	132.0	24,016	39	0	621,000	0	621,000
2005/06	750,000	None	120.0	25,057	39	2	2,218,000	110,000	2,328,000
2006/07	750,000	None	108.0	26,099	46	0	393,000	0	393,000
2007/08	1,000,000	None	96.0	28,906	38	1	332,000	214,000	546,000
2008/09	1,000,000	None	84.0	32,015	60	1	294,000	50,000	344,000
2009/10	1,000,000	None	72.0	31,207	23	1	222,000	30,000	252,000
2010/11	1,000,000	None	60.0	30,324	34	2	725,000	62,000	787,000
2011/12	1,000,000	None	48.0	28,542	17	5	482,000	230,000	712,000
2012/13	1,000,000	None	36.0	29,361	16	4	298,000	126,000	424,000
2013/14	1,000,000	None	24.0	29,757	17	8	309,000	342,000	651,000
2014/15	1,000,000	None	12.0	31,393	28	17	658,000	500,000	1,158,000
Total					1,126	62	\$16,649,000	\$1,986,000	\$18,635,000

* The specific self-insured retention changes are as follows:

Effective Date	Retention
07/01/50	\$250,000
07/01/82	100,000
07/01/85	150,000
07/01/86	200,000
07/01/87	250,000
07/01/88	300,000
07/01/97	250,000
07/01/01	325,000
07/01/02	500,000
07/01/05	750,000
07/01/07	1,000,000

(8), (9) and (10) are net of the specific self-insured retention and other recoveries

Data was provided by the Client.

CLIENT
WORKERS' COMPENSATION

Exhibit WC-1 (page 2)

Data Summary as of June 30, 2015
Unlimited Losses

Claim Period (1)	Specific Self-Insured Retention (2)	Aggregate Retention (3)	Months of Development 6/30/15 (4)	Payroll (000) (5)	Reported Claims 6/30/15 (6)	Open Claims 6/30/15 (7)	Unlimited Paid Losses 6/30/15 (8)	Unlimited Case Reserves 6/30/15 (9)	Unlimited Reported Incurred Losses 6/30/15 (10)
to 1995/96	Unlimited	None	240.0	Not Provided	513	12	\$7,489,000	\$390,000	\$7,879,000
1996/97	Unlimited	None	228.0	16,484	44	2	1,110,000	36,000	1,146,000
1997/98	Unlimited	None	216.0	15,721	22	1	203,000	10,000	213,000
1998/99	Unlimited	None	204.0	17,402	35	1	874,000	5,000	879,000
1999/00	Unlimited	None	192.0	17,790	40	2	1,284,000	558,000	1,842,000
2000/01	Unlimited	None	180.0	18,324	27	2	568,000	129,000	697,000
2001/02	Unlimited	None	168.0	18,873	33	0	660,000	0	660,000
2002/03	Unlimited	None	156.0	22,498	35	1	444,000	27,000	471,000
2003/04	Unlimited	None	144.0	22,974	20	0	72,000	0	72,000
2004/05	Unlimited	None	132.0	24,016	39	0	621,000	0	621,000
2005/06	Unlimited	None	120.0	25,057	39	2	2,220,000	110,000	2,330,000
2006/07	Unlimited	None	108.0	26,099	46	0	393,000	0	393,000
2007/08	Unlimited	None	96.0	28,906	38	1	335,000	214,000	549,000
2008/09	Unlimited	None	84.0	32,015	60	1	295,000	50,000	345,000
2009/10	Unlimited	None	72.0	31,207	23	1	223,000	30,000	253,000
2010/11	Unlimited	None	60.0	30,324	34	2	725,000	62,000	787,000
2011/12	Unlimited	None	48.0	28,542	17	5	482,000	230,000	712,000
2012/13	Unlimited	None	36.0	29,361	16	4	298,000	126,000	424,000
2013/14	Unlimited	None	24.0	29,757	17	8	309,000	342,000	651,000
2014/15	Unlimited	None	12.0	31,393	28	17	658,000	500,000	1,158,000
Total					1,126	62	\$19,263,000	\$2,819,000	\$22,082,000

(8), (9) and (10) are gross of the specific self-insured retention and other recoveries.

Data was provided by the Client.

Summary of Percent Losses Paid, Losses Reported and Claims Reported

Months of Development (1)	Percent Losses Paid (2)	Percent Losses Reported (3)	Percent Claims Reported (4)	Months of Development (5)	Percent Losses Paid (6)	Percent Losses Reported (7)	Percent Claims Reported (8)
360.0	100.0%	100.0%	100.0%	354.0	100.0%	100.0%	100.0%
348.0	100.0%	100.0%	100.0%	342.0	100.0%	100.0%	100.0%
336.0	99.9%	100.0%	100.0%	330.0	99.9%	100.0%	100.0%
324.0	99.9%	100.0%	100.0%	318.0	99.9%	100.0%	100.0%
312.0	99.9%	100.0%	100.0%	306.0	99.9%	100.0%	100.0%
300.0	99.8%	100.0%	100.0%	294.0	99.8%	100.0%	100.0%
288.0	99.8%	100.0%	100.0%	282.0	99.7%	100.0%	100.0%
276.0	99.7%	100.0%	100.0%	270.0	99.6%	100.0%	100.0%
264.0	99.5%	100.0%	100.0%	258.0	99.4%	100.0%	100.0%
252.0	99.3%	100.0%	100.0%	246.0	99.2%	100.0%	100.0%
240.0	99.0%	100.0%	100.0%	234.0	99.0%	100.0%	100.0%
228.0	99.0%	100.0%	100.0%	222.0	99.0%	100.0%	100.0%
216.0	99.0%	100.0%	100.0%	210.0	99.0%	100.0%	100.0%
204.0	99.0%	100.0%	100.0%	198.0	99.0%	100.0%	100.0%
192.0	99.0%	100.0%	100.0%	186.0	99.0%	100.0%	100.0%
180.0	99.0%	100.0%	100.0%	174.0	98.9%	100.0%	100.0%
168.0	98.8%	100.0%	100.0%	162.0	98.6%	100.0%	100.0%
156.0	98.3%	100.0%	100.0%	150.0	97.8%	100.0%	100.0%
144.0	97.3%	100.0%	100.0%	138.0	96.6%	99.8%	100.0%
132.0	95.9%	99.5%	100.0%	126.0	95.0%	99.0%	100.0%
120.0	94.0%	98.5%	100.0%	114.0	92.9%	97.8%	100.0%
108.0	91.7%	97.1%	100.0%	102.0	90.4%	96.1%	100.0%
96.0	89.1%	95.2%	100.0%	90.0	87.6%	94.2%	100.0%
84.0	86.1%	93.3%	100.0%	78.0	84.0%	92.4%	100.0%
72.0	82.0%	91.5%	100.0%	66.0	79.8%	90.1%	100.0%
60.0	77.7%	88.8%	100.0%	54.0	72.3%	86.9%	100.0%
48.0	67.0%	85.0%	100.0%	42.0	62.1%	81.8%	100.0%
36.0	57.2%	78.7%	100.0%	30.0	49.1%	71.5%	99.9%
24.0	40.9%	64.2%	99.8%	18.0	29.0%	53.5%	97.9%
12.0	17.0%	42.8%	96.0%	6.0	8.5%	21.4%	48.0%

(2) is from Exhibit WC-2 (page 2).

(3) is from Exhibit WC-2 (page 3).

(4) is from Exhibit WC-2 (page 4).

(6), (7) and (8) are interpolated, based on (2), (3) and (4), respectively.

CLIENT
WORKERS' COMPENSATION

Exhibit WC-2 (page 2)

Historical Limited Paid Losses (\$000) and Limited Paid Loss Development

I. Historical Limited Paid Losses (\$000)

Claim Period	12	24	Months of Development:		60	72	84	96	108	120	132	144	156	168	180	192	204	216	228	240
			36	48																
to 1995/96																				
1996/97									564	565	565	565	565	565	565	565	565	565	569	
1997/98								100	128	139	145	156	165	177	189	191	197	203		
1998/99							410	461	561	623	643	650	652	654	654	654	654			
1999/00						713	713	713	713	713	713	713	713	713	713	713				
2000/01					222	267	302	316	322	346	356	398	402	403	406					
2001/02				637	637	640	641	641	653	654	656	657	657	660						
2002/03			297	306	340	353	365	373	434	435	435	440	444							
2003/04		41	49	72	72	72	72	72	72	72	72	72								
2004/05	54	210	394	441	609	610	614	614	617	618	621									
2005/06	217	547	879	1,246	1,421	1,490	1,674	1,846	2,120	2,218										
2006/07	83	211	321	344	388	389	393	393												
2007/08	48	129	204	253	271	294	312	332												
2008/09	75	188	206	217	285	289	294													
2009/10	103	198	207	221	221	222														
2010/11	238	416	505	563	725															
2011/12	108	325	430	482																
2012/13	85	147	298																	
2013/14	139	309																		
2014/15	658																			

II. Limited Paid Loss Development

Claim Period	12-24	24-36	Months of Development:		60-72	72-84	84-96	96-108	108-120	120-132	132-144	144-156	156-168	168-180	180-192	192-204	204-216	216-228	228-240	240-Ult
			36-48	48-60																
to 1995/96																				
1996/97									1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.008		
1997/98								1.278	1.086	1.040	1.081	1.054	1.071	1.071	1.010	1.033	1.028			
1998/99							1.126	1.217	1.110	1.032	1.010	1.004	1.003	1.000	1.000	1.000				
1999/00						1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000				
2000/01					1.200	1.134	1.045	1.019	1.076	1.028	1.117	1.010	1.004	1.006	1.000	1.000				
2001/02				1.001	1.005	1.001	1.000	1.019	1.001	1.004	1.001	1.000	1.004							
2002/03			1.029	1.112	1.036	1.034	1.024	1.162	1.003	0.999	1.013	1.009								
2003/04		1.195	1.473	1.001	1.000	1.000	1.004	1.000	1.000	1.000	1.002									
2004/05	3.911	1.873	1.118	1.383	1.001	1.006	1.001	1.005	1.001	1.005										
2005/06	2.525	1.608	1.418	1.140	1.049	1.123	1.103	1.148	1.046											
2006/07	2.547	1.518	1.070	1.131	1.001	1.009	1.002	0.999												
2007/08	2.694	1.581	1.240	1.073	1.085	1.060	1.064													
2008/09	2.494	1.096	1.051	1.315	1.015	1.017														
2009/10	1.917	1.045	1.068	1.000	1.004															
2010/11	1.748	1.215	1.113	1.289																
2011/12	3.015	1.323	1.121																	
2012/13	1.740	2.024																		
2013/14	2.225																			
2014/15																				
Average																				
All	2.481	1.448	1.170	1.144	1.040	1.038	1.037	1.085	1.032	1.012	1.028	1.011	1.014	1.016	1.003	1.011	1.014	1.008		
Wtd 3	2.358	1.389	1.108	1.231	1.036	1.027	1.081	1.097	1.035	1.002	1.006	1.005	1.002	1.001	1.001	1.004				
Last 3	2.327	1.521	1.101	1.201	1.035	1.029	1.056	1.051	1.016	1.001	1.005	1.006	1.003	1.002	1.003	1.011				
Last 5	1.963	1.211	1.101	1.164	1.023	1.029	1.023	1.051	1.002	1.003	1.005	1.004	1.004	1.002						
x-hi,low																				
Similar	2.519	1.519	1.265	1.153	1.103	1.075	1.052	1.041	1.027	1.025	1.023	1.020	1.017	1.014	1.012	1.011	1.009	1.008	1.006	1.082
Previous	2.400	1.375	1.180	1.140	1.060	1.050	1.035	1.030	1.025	1.020	1.020	1.010	1.005	1.000	1.000	1.000	1.000	1.000	1.010	
Selected	2.400	1.400	1.170	1.160	1.055	1.050	1.035	1.030	1.025	1.020	1.015	1.010	1.005	1.002	1.000	1.000	1.000	1.000	1.010	
Cumulative	5.870	2.446	1.747	1.493	1.287	1.220	1.162	1.123	1.090	1.064	1.043	1.027	1.017	1.012	1.010	1.010	1.010	1.010	1.010	
Percent	17.0%	40.9%	57.2%	67.0%	77.7%	82.0%	86.1%	89.1%	91.7%	94.0%	95.9%	97.3%	98.3%	98.8%	99.0%	99.0%	99.0%	99.0%	99.0%	99.0%

Amounts are limited (net of excess insurance).

Data was provided by the Client.

CLIENT
WORKERS' COMPENSATION

Exhibit WC-2 (page 3)

Historical Limited Reported Incurred Losses (\$000) and Limited Reported Incurred Loss Development

I. Historical Limited Reported Incurred Losses (\$000)

Claim Period	12	24	Months of Development:		60	72	84	96	108	120	132	144	156	168	180	192	204	216	228	240
			36	48																
to 1995/96																				
1996/97									564	565	565	565	565	565	565	565	565	565	603	
1997/98								100	128	139	161	161	259	259	189	191	201	213		
1998/99							496	508	595	669	665	671	652	654	654	654	654			
1999/00						713	713	713	713	713	713	713	713	713	713	713				
2000/01					237	280	312	350	395	431	431	405	433	433	433					
2001/02				649	658	660	651	651	727	727	672	673	673	660						
2002/03			454	462	496	515	486	516	562	454	453	470	471							
2003/04		41	52	75	72	72	72	72	72	72	72	72								
2004/05	432	558	723	735	896	733	738	734	624	625	621									
2005/06	830	1,117	1,760	1,671	1,940	2,079	1,949	2,026	2,298	2,328										
2006/07	223	497	590	594	432	420	393	393												
2007/08	149	188	612	632	587	562	563	546												
2008/09	166	561	359	295	407	340	344													
2009/10	198	248	230	300	290	252														
2010/11	587	619	662	821	787															
2011/12	180	567	689	712																
2012/13	298	338	424																	
2013/14	336	651																		
2014/15	1,158																			

II. Limited Reported Incurred Loss Development

Claim Period	12-24	24-36	Months of Development:		60-72	72-84	84-96	96-108	108-120	120-132	132-144	144-156	156-168	168-180	180-192	192-204	204-216	216-228	228-240	240-UH
			36-48	48-60																
to 1995/96																				
1996/97									1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.068		
1997/98								1.278	1.086	1.158	1.000	1.609	1.000	0.729	1.010	1.050	1.062			
1998/99							1.024	1.172	1.124	0.994	1.009	0.972	1.003	1.000	1.000	1.000				
1999/00						1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000					
2000/01					1.181	1.115	1.120	1.129	1.092	1.000	0.939	1.070	1.000	0.999	1.000					
2001/02				1.014	1.002	0.987	1.000	1.116	1.000	0.924	1.001	1.000	0.961							
2002/03			1.017	1.073	1.038	0.945	1.062	1.089	0.807	0.999	1.037	1.001								
2003/04		1.287	1.440	0.951	1.000	1.000	1.004	1.000	1.000	1.000	1.002									
2004/05	1.291	1.295	1.018	1.219	0.818	1.007	0.996	0.850	1.000	0.994										
2005/06	1.345	1.575	0.950	1.161	1.071	0.938	1.040	1.134	1.013											
2006/07	2.228	1.188	1.007	0.727	0.972	0.935	1.002	0.999												
2007/08	1.257	3.259	1.033	0.928	0.957	1.003	0.969													
2008/09	3.382	0.640	0.822	1.379	0.836	1.011														
2009/10	1.254	0.928	1.303	0.965	0.869															
2010/11	1.036	1.071	1.239	0.959																
2011/12	3.144	1.217	1.033																	
2012/13	1.134	1.256																		
2013/14	1.938																			
2014/15																				
Average																				
All	1.801	1.372	1.086	1.038	0.974	0.994	1.022	1.077	1.012	1.008	0.999	1.093	0.997	0.946	1.003	1.017	1.031	1.068		
Wtd 3	1.911	1.166	1.159	1.048	0.899	0.984	1.021	1.051	1.010	0.997	1.015	1.019	0.993	1.000	1.001	1.007				
Last 3	2.072	1.181	1.192	1.101	0.887	0.983	1.004	0.994	1.004	0.998	1.013	1.024	0.994	1.000	1.003	1.017				
Last 5	1.442	1.072	1.102	0.951	0.933	0.982	1.001	1.029	1.000	0.998	1.001	1.000	1.000	1.000						
x-hi,low																				
Similar	1.604	1.255	1.135	1.086	1.063	1.054	1.038	1.031	1.024	1.017	1.013	1.011	1.009	1.008	1.009	1.007	1.007	1.008	1.004	1.051
Previous	1.500	1.200	1.080	1.050	1.040	1.030	1.020	1.020	1.015	1.010	1.005	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
Selected	1.500	1.225	1.080	1.045	1.030	1.020	1.020	1.020	1.015	1.010	1.005	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
Cumulative	2.335	1.557	1.271	1.177	1.126	1.093	1.072	1.051	1.030	1.015	1.005	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
Percent	42.8%	64.2%	78.7%	85.0%	88.8%	91.5%	93.3%	95.2%	97.1%	98.5%	99.5%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Amounts are limited (net of excess insurance).

Data was provided by the Client.

CLIENT
WORKERS' COMPENSATION

Exhibit WC-2 (page 4)

Historical Reported Claims and Reported Claim Development

I. Historical Reported Claims

Claim Period	12	24	Months of Development:		60	72	84	96	108	120	132	144	156	168	180	192	204	216	228	240
			36	48																
to 1995/96																				
1996/97									43	43	43	43	43	43	43	43	43	43	44	
1997/98								22	22	22	22	22	22	22	22	22	22	22		
1998/99							34	34	34	35	35	35	35	35	35	35	35			
1999/00						40	40	40	40	40	40	40	40	40	40	40	40			
2000/01					27	27	27	27	27	27	27	27	27	27	27	27	27			
2001/02				31	32	33	33	33	33	33	33	33	33	33	33	33	33			
2002/03			34	34	34	34	34	35	35	35	35	35	35	35	35	35	35			
2003/04		19	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20			
2004/05	35	38	38	38	38	39	39	39	39	39	39	39	39	39	39	39	39			
2005/06	37	39	39	39	39	39	39	39	39	39	39	39	39	39	39	39	39			
2006/07	44	46	46	46	46	46	46	46	46	46	46	46	46	46	46	46	46			
2007/08	39	37	38	38	38	38	38	38	38	38	38	38	38	38	38	38	38			
2008/09	59	60	60	60	60	60	60	60	60	60	60	60	60	60	60	60	60			
2009/10	24	23	23	23	23	23	23	23	23	23	23	23	23	23	23	23	23			
2010/11	34	34	34	34	34	34	34	34	34	34	34	34	34	34	34	34	34			
2011/12	16	17	17	17	17	17	17	17	17	17	17	17	17	17	17	17	17			
2012/13	15	15	15	15	15	15	15	15	15	15	15	15	15	15	15	15	15			
2013/14	17	17	17	17	17	17	17	17	17	17	17	17	17	17	17	17	17			
2014/15	28																			

II. Reported Claim Development

Claim Period	12-24	24-36	Months of Development:		60-72	72-84	84-96	96-108	108-120	120-132	132-144	144-156	156-168	168-180	180-192	192-204	204-216	216-228	228-240	240-Ult
			36-48	48-60																
to 1995/96																				
1996/97									1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,023		
1997/98								1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000			
1998/99							1,000	1,000	1,029	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000			
1999/00						1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000			
2000/01					1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000			
2001/02				1,032	1,031	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000			
2002/03			1,000	1,000	1,000	1,000	1,000	1,029	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000			
2003/04		1,053	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000			
2004/05	1,086	1,000	1,000	1,000	1,026	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000			
2005/06	1,054	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000			
2006/07	1,045	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000			
2007/08	0.949	1,027	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000			
2008/09	1,017	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000			
2009/10	0.958	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000			
2010/11	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000			
2011/12	1,063	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000			
2012/13	1,000	1,067	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000			
2013/14	1,000																			
2014/15																				
Average																				
All	1,017	1,015	1,000	1,003	1,006	1,000	1,003	1,000	1,003	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,023		
Wtd 3	1,021	1,015	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000			
Last 3	1,021	1,022	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000			
Last 5	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000			
x-hi,low																				
Similar	1,076	1,006	1,002	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Previous	1,045	1,002	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Selected	1,040	1,002	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Cumulative	1,042	1,002	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Percent	96.0%	99.8%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Data was provided by the Client.

CLIENT
WORKERS' COMPENSATION

Exhibit WC-2 (page 5)

Historical Ratio of Limited Paid Losses and Limited Reported Incurred Losses

Claim Period	12	24	Months of Development:		60	72	84	96	108	120	132	144	156	168	180	192	204	216	228	240
to 1995/96																				
1996/97									100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	94.4%
1997/98								100.0%	100.0%	100.0%	89.8%	97.1%	63.6%	68.1%	100.0%	100.0%	100.0%	98.4%	95.3%	
1998/99							82.6%	90.9%	94.4%	93.1%	96.7%	96.8%	100.0%	100.0%	100.0%	100.0%	100.0%			
1999/00								100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%				
2000/01					93.7%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%				
2001/02				98.0%	96.7%	97.0%	98.4%	98.4%	89.8%	89.9%	97.7%	97.7%	97.7%	100.0%	100.0%	100.0%				
2002/03			65.4%	66.2%	68.6%	68.5%	75.0%	72.3%	77.1%	95.8%	95.8%	93.6%	94.3%							
2003/04		100.0%	92.9%	95.1%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%								
2004/05	12.4%	37.7%	54.5%	60.0%	68.0%	83.3%	83.2%	83.6%	98.9%	99.0%	100.0%									
2005/06	26.1%	49.0%	50.0%	74.6%	73.2%	71.7%	85.9%	91.1%	92.2%	95.3%										
2006/07	37.2%	42.6%	54.4%	57.8%	89.9%	92.6%	100.0%	100.0%	100.0%											
2007/08	32.0%	68.7%	33.3%	40.0%	46.3%	52.4%	55.4%	60.8%												
2008/09	45.5%	33.6%	57.5%	73.4%	70.0%	85.0%	85.5%													
2009/10	52.2%	79.8%	89.8%	73.6%	76.3%	88.1%														
2010/11	39.9%	67.2%	76.3%	68.6%	92.1%															
2011/12	59.8%	57.4%	62.4%	67.7%																
2012/13	28.4%	43.6%	70.3%																	
2013/14	41.3%	47.5%																		
2014/15	56.8%																			
Average																				
All	39.3%	57.0%	64.3%	70.4%	79.5%	84.9%	87.5%	89.8%	94.0%	95.3%	95.8%	97.9%	92.6%	93.5%	98.8%	100.0%	99.5%	97.7%	94.4%	
Last 3	42.2%	49.5%	69.7%	70.0%	79.5%	75.2%	80.3%	84.0%	97.0%	98.1%	98.6%	97.1%	94.9%	97.7%	97.9%	100.0%	99.5%			
Last 5	46.0%	57.4%	69.7%	69.9%	78.7%	81.6%	84.9%	91.6%	97.0%	96.7%	97.8%	98.6%	97.3%	97.7%	100.0%					
x-hi,low																				
Implicit	39.8%	63.7%	72.7%	78.8%	87.5%	89.6%	92.2%	93.6%	94.5%	95.4%	96.4%	97.3%	98.3%	98.8%	99.0%	99.0%	99.0%	98.0%	99.0%	99.0%

CLIENT
WORKERS' COMPENSATION
Developed Limited Paid Losses

Exhibit WC-3

Claim Period (1)	Months of Development 6/30/15 (2)	Limited Paid Losses 6/30/15 (3)	Percent Losses Paid (4)	Developed Limited Paid Losses (3)/(4) (5)
to 1995/96	240.0	\$6,376,000	99.0%	\$6,424,260 *
1996/97	228.0	569,000	99.0%	571,690 *
1997/98	216.0	203,000	99.0%	205,030
1998/99	204.0	654,000	99.0%	655,540 *
1999/00	192.0	713,000	99.0%	715,130 *
2000/01	180.0	406,000	99.0%	407,560 *
2001/02	168.0	660,000	98.8%	667,933
2002/03	156.0	444,000	98.3%	451,584
2003/04	144.0	72,000	97.3%	73,962
2004/05	132.0	621,000	95.9%	647,492
2005/06	120.0	2,218,000	94.0%	2,358,872
2006/07	108.0	393,000	91.7%	428,410
2007/08	96.0	332,000	89.1%	372,771
2008/09	84.0	294,000	86.1%	341,658
2009/10	72.0	222,000	82.0%	270,886
2010/11	60.0	725,000	77.7%	933,306
2011/12	48.0	482,000	67.0%	719,765
2012/13	36.0	298,000	57.2%	520,650
2013/14	24.0	309,000	40.9%	755,816
2014/15	12.0	658,000	17.0%	2,731,069 *

* - Indicates large claim(s) limited to retention. For details, see Exhibit WC-15.

(3) is from Exhibit WC-1.

(4) is from Exhibit WC-2.

Developed Limited Reported Incurred Losses

Claim Period (1)	Months of Development 6/30/15 (2)	Limited Reported Incurred Losses 6/30/15 (3)	Percent Losses Reported (4)	Developed Limited Reported Incurred Losses (3)/(4) (5)
to 1995/96	240.0	\$6,600,000	100.0%	\$6,600,000
1996/97	228.0	603,000	100.0%	603,000
1997/98	216.0	213,000	100.0%	213,000
1998/99	204.0	654,000	100.0%	654,000
1999/00	192.0	713,000	100.0%	713,000
2000/01	180.0	433,000	100.0%	433,000
2001/02	168.0	660,000	100.0%	660,000
2002/03	156.0	471,000	100.0%	471,000
2003/04	144.0	72,000	100.0%	72,000
2004/05	132.0	621,000	99.5%	624,105
2005/06	120.0	2,328,000	98.5%	2,363,036
2006/07	108.0	393,000	97.1%	404,898
2007/08	96.0	546,000	95.2%	573,781
2008/09	84.0	344,000	93.3%	368,733
2009/10	72.0	252,000	91.5%	275,521
2010/11	60.0	787,000	88.8%	886,270
2011/12	48.0	712,000	85.0%	837,891
2012/13	36.0	424,000	78.7%	538,886
2013/14	24.0	651,000	64.2%	1,013,557
2014/15	12.0	1,158,000	42.8%	2,546,025 *

* - Indicates large claim(s) limited to retention. For details, see Exhibit WC-15.

(3) is from Exhibit WC-1.

(4) is from Exhibit WC-2.

CLIENT
WORKERS' COMPENSATION
Developed Limited Case Reserves

Exhibit WC-5

Claim Period (1)	Months of Development 6/30/15 (2)	Percent Losses Paid (3)	Percent Losses Reported (4)	Percent Losses Reserved 6/30/15 [(4)-(3)]/ [100.0%-(3)] (5)	Limited Paid Losses 6/30/15 (6)	Limited Case Reserves 6/30/15 (7)	Developed Limited Case Reserves (6)+(7)/(5) (8)
to 1995/96	240.0	99.0%	100.0%	100.0%	\$6,376,000	\$224,000	\$6,600,000
1996/97	228.0	99.0%	100.0%	100.0%	569,000	34,000	603,000
1997/98	216.0	99.0%	100.0%	100.0%	203,000	10,000	213,000
1998/99	204.0	99.0%	100.0%	100.0%	654,000	0	654,000
1999/00	192.0	99.0%	100.0%	100.0%	713,000	0	713,000
2000/01	180.0	99.0%	100.0%	100.0%	406,000	27,000	433,000
2001/02	168.0	98.8%	100.0%	100.0%	660,000	0	660,000
2002/03	156.0	98.3%	100.0%	100.0%	444,000	27,000	471,000
2003/04	144.0	97.3%	100.0%	100.0%	72,000	0	72,000
2004/05	132.0	95.9%	99.5%	87.8%	621,000	0	621,000
2005/06	120.0	94.0%	98.5%	75.2%	2,218,000	110,000	2,364,330
2006/07	108.0	91.7%	97.1%	64.4%	393,000	0	393,000
2007/08	96.0	89.1%	95.2%	55.7%	332,000	214,000	715,985
2008/09	84.0	86.1%	93.3%	51.9%	294,000	50,000	390,314
2009/10	72.0	82.0%	91.5%	52.7%	222,000	30,000	278,931
2010/11	60.0	77.7%	88.8%	49.8%	725,000	62,000	849,460
2011/12	48.0	67.0%	85.0%	54.5%	482,000	230,000	903,887
2012/13	36.0	57.2%	78.7%	50.1%	298,000	126,000	549,263
2013/14	24.0	40.9%	64.2%	39.5%	309,000	342,000	1,175,007
2014/15	12.0	17.0%	42.8%	31.1%	658,000	500,000	2,266,798

(3) and (4) are from Exhibit WC-2.

(6) and (7) are from Exhibit WC-1.

CLIENT
WORKERS' COMPENSATION

Exhibit WC-6

Preliminary Projected Ultimate Limited Losses to 2014/15

Claim Period (1)	Developed Limited Paid Losses (2)	Developed Limited Reported Incurred Losses (3)	Developed Limited Case Reserves (4)	Preliminary Projected Ultimate Limited Losses (5)
to 1995/96	\$6,424,260	\$6,600,000	\$6,600,000	\$6,622,400
1996/97	571,690	603,000	603,000	606,400
1997/98	205,030	213,000	213,000	214,000
1998/99	655,540	654,000	654,000	654,000
1999/00	715,130	713,000	713,000	713,000
2000/01	407,560	433,000	433,000	435,700
2001/02	667,933	660,000	660,000	660,000
2002/03	451,584	471,000	471,000	473,700
2003/04	73,962	72,000	72,000	72,000
2004/05	647,492	624,105	621,000	621,000
2005/06	2,358,872	2,363,036	2,364,330	2,364,330
2006/07	428,410	404,898	393,000	393,000
2007/08	372,771	573,781	715,985	701,765
2008/09	341,658	368,733	390,314	385,998
2009/10	270,886	275,521	278,931	277,908
2010/11	933,306	886,270	849,460	864,184
2011/12	719,765	837,891	903,887	859,076
2012/13	520,650	538,886	549,263	539,390
2013/14	755,816	1,013,557	1,175,007	1,026,589
2014/15	2,731,069	2,546,025	2,266,798	2,471,343

(2) is from Exhibit WC-3.

(3) is from Exhibit WC-4.

(4) is from Exhibit WC-5.

(5) is based on (2) to (4) and actuarial judgment.

I. A-priori Loss Rate

Claim Period (1)	Preliminary Projected Ultimate Limited Losses (2)	Payroll (000) (3)	Limited Loss Rate per \$100 of Payroll (2)/(3)/10 (4)	Loss Rate Trend (2015/16 = 1.000) (5)	Trended Limited Loss Rate per \$100 of Payroll (4)X(5) (6)	Projected A-priori Loss Rate per \$100 of Payroll (7)/(5) (8)
2005/06	\$2,364,330	\$25,057	\$9.44	1.341	\$12.65	\$2.16
2006/07	393,000	26,099	1.51	1.305	1.96	2.22
2007/08	701,765	28,906	2.43	1.229	2.98	2.36
2008/09	385,998	32,015	1.21	1.184	1.43	2.45
2009/10	277,908	31,207	0.89	1.153	1.03	2.52
2010/11	864,184	30,324	2.85	1.129	3.22	2.57
2011/12	859,076	28,542	3.01	1.107	3.33	2.62
2012/13	539,390	29,361	1.84	1.105	2.03	2.62
2013/14	1,026,589	29,757	3.45	1.074	3.71	2.70
2014/15	2,471,343	31,393	7.87	1.022	8.05	2.84
(7) Projected 2015/16 a-priori loss rate per \$100 of Payroll					\$2.90	

II. Bornhuetter - Ferguson Analysis Based on Limited Paid Losses

Claim Period (1)	Limited Paid Losses 6/30/15 (2)	Percent Losses Paid (3)	Projected A-priori Loss Rate per \$100 of Payroll (4)	Payroll (000) (5)	B-F Unpaid Losses [100.0%-(3)] X(4)X(5)X10 (6)	B-F Ultimate Limited Paid Losses (2)+(6) (7)
2010/11	\$725,000	77.7%	\$2.57	\$30,324	\$173,767	\$898,767
2011/12	482,000	67.0%	2.62	28,542	247,038	729,038
2012/13	298,000	57.2%	2.62	29,361	329,384	627,384
2013/14	309,000	40.9%	2.70	29,757	474,859	783,859
2014/15	658,000	17.0%	2.84	31,393	738,913	1,396,913

III. Bornhuetter - Ferguson Analysis Based on Limited Reported Incurred Losses

Claim Period (1)	Limited Reported Incurred Losses 6/30/15 (2)	Percent Losses Reported (3)	Projected A-priori Loss Rate per \$100 of Payroll (4)	Payroll (000) (5)	B-F Unreported Losses [100.0%-(3)] X(4)X(5)X10 (6)	B-F Ultimate Limited Reported Losses (2)+(6) (7)
2010/11	\$787,000	88.8%	\$2.57	\$30,324	\$87,205	\$874,205
2011/12	712,000	85.0%	2.62	28,542	112,360	824,360
2012/13	424,000	78.7%	2.62	29,361	164,209	588,209
2013/14	651,000	64.2%	2.70	29,757	287,330	938,330
2014/15	1,158,000	42.8%	2.84	31,393	509,265	1,667,265

Section I, (2) is from Exhibit WC-6.

Section I, (3), Section II, (5) and Section III, (5) are from Exhibit WC-10.

Section I, (5) is from Exhibit WC-14 and adjusted for change in retention.

Section I, (7) is based on Section I, (6) and actuarial judgment.

Sections II and III, (2) are from Exhibit WC-1.

Sections II and III, (3) are from Exhibit WC-2.

Sections II and III, (4) are from Section I, (8).

CLIENT
WORKERS' COMPENSATION
Frequency Times Severity Analysis

Exhibit WC-8

I. Projected Ultimate Claims

Claim Period (1)	Months of Development 6/30/15 (2)	Reported Claims 6/30/15 (3)	Percent Claims Reported (4)	Projected Ultimate Claims (3)/(4) (5)	Payroll (000) (6)	Frequency (per \$1M of Payroll) (5)/(6)X1,000 (7)
2005/06	120.0	39	100.0%	39	\$25,057	1.56
2006/07	108.0	46	100.0%	46	26,099	1.76
2007/08	96.0	38	100.0%	38	28,906	1.31
2008/09	84.0	60	100.0%	60	32,015	1.87
2009/10	72.0	23	100.0%	23	31,207	0.74
2010/11	60.0	34	100.0%	34	30,324	1.12
2011/12	48.0	17	100.0%	17	28,542	0.60
2012/13	36.0	16	100.0%	16	29,361	0.54
2013/14	24.0	17	99.8%	17	29,757	0.57
2014/15	12.0	28	96.0%	29	31,393	0.92

II. Frequency Times Severity

Claim Period (1)	Preliminary Projected Ultimate Limited Losses (2)	Projected Ultimate Claims (3)	Average Severity (2)/(3) (4)	Severity Trend (2015/16 = 1.000) (5)	Trended Average Claim Severity (4)X(5) (6)	De-Trended Projected 2015/16 Average Claim Severity (7)/(5) (8)	Frequency Times Severity (3)X(8) (9)
2005/06	\$2,364,330	39	\$60,624	1.802	\$109,217	\$21,619	\$843,125
2006/07	393,000	46	8,543	1.703	14,547	22,874	1,052,216
2007/08	701,765	38	18,467	1.556	28,740	25,026	950,984
2008/09	385,998	60	6,433	1.456	9,366	26,751	1,605,052
2009/10	277,908	23	12,083	1.376	16,628	28,301	650,924
2010/11	864,184	34	25,417	1.309	33,277	29,748	1,011,432
2011/12	859,076	17	50,534	1.246	62,943	31,269	531,570
2012/13	539,390	16	33,712	1.208	40,717	32,246	515,943
2013/14	1,026,589	17	60,388	1.140	68,817	34,177	581,001
2014/15	2,471,343	29	85,219	1.053	89,710	36,997	1,072,910
(7) Projected 2015/16 average claim severity					\$38,947		

Section I, (3) is from Exhibit WC-1.

Section I, (4) is from Exhibit WC-2.

Section I, (6) is from Exhibit WC-10.

Section II, (2) is from Exhibit WC-6.

Section II, (3) is from Section I, (5).

Section II, (5) is from Exhibit WC-14 and adjusted for change in retention.

Section II, (7) is based on (6) and actuarial judgment.

CLIENT
WORKERS' COMPENSATION

Exhibit WC-9

Projected Ultimate Limited Losses to 2014/15

Claim Period (1)	Developed Limited Paid Losses (2)	Developed Limited Reported Incurred Losses (3)	Developed Limited Case Reserves (4)	B-F Ultimate Limited Paid Losses (5)	B-F Ultimate Limited Reported Losses (6)	Frequency Times Severity (7)	Projected Ultimate Limited Losses (8)
to 1995/96	\$6,424,260	\$6,600,000	\$6,600,000				\$6,622,400
1996/97	571,690	603,000	603,000				606,400
1997/98	205,030	213,000	213,000				214,000
1998/99	655,540	654,000	654,000				654,000
1999/00	715,130	713,000	713,000				713,000
2000/01	407,560	433,000	433,000				436,000
2001/02	667,933	660,000	660,000				660,000
2002/03	451,584	471,000	471,000				474,000
2003/04	73,962	72,000	72,000				72,000
2004/05	647,492	624,105	621,000				621,000
2005/06	2,358,872	2,363,036	2,364,330				2,364,000
2006/07	428,410	404,898	393,000				393,000
2007/08	372,771	573,781	715,985				702,000
2008/09	341,658	368,733	390,314				386,000
2009/10	270,886	275,521	278,931				278,000
2010/11	933,306	886,270	849,460	898,767	874,205	1,011,432	864,000
2011/12	719,765	837,891	903,887	729,038	824,360	531,570	859,000
2012/13	520,650	538,886	549,263	627,384	588,209	515,943	539,000
2013/14	755,816	1,013,557	1,175,007	783,859	938,330	581,001	990,000
2014/15	2,731,069	2,546,025	2,266,798	1,396,913	1,667,265	1,072,910	1,532,000

(2) is from Exhibit WC-3.

(3) is from Exhibit WC-4.

(4) is from Exhibit WC-5.

(5) and (6) are from Exhibit WC-7.

(7) is from Exhibit WC-8.

(8) is based on (2) to (7) and actuarial judgment.

Projected Ultimate Limited Losses for 2015/16 and Subsequent

Claim Period (1)	Projected Ultimate Limited Losses (2)	Payroll (000) (3)	Limited Loss Rate per \$100 of Payroll (2)/(3)/10 (4)	Loss Rate Trend (2015/16 = 1.000) (5)	Trended Limited Loss Rate per \$100 of Payroll (4)X(5) (6)
2005/06	\$2,364,000	\$25,057	\$9.43	1.341	\$12.65
2006/07	393,000	26,099	1.51	1.305	1.96
2007/08	702,000	28,906	2.43	1.229	2.98
2008/09	386,000	32,015	1.21	1.184	1.43
2009/10	278,000	31,207	0.89	1.153	1.03
2010/11	864,000	30,324	2.85	1.129	3.22
2011/12	859,000	28,542	3.01	1.107	3.33
2012/13	539,000	29,361	1.84	1.105	2.03
2013/14	990,000	29,757	3.33	1.074	3.57
2014/15	1,532,000	31,393	4.88	1.022	4.99
Total	\$8,907,000	\$292,661	\$3.04		\$3.72

Claim Period (1)	Projected Limited Loss Rate per \$100 of Payroll (7)	Projected Payroll (000) (8)	Projected Ultimate Limited Losses (7)X(8)X10 (9)	Present Value Factor (10)	Present Value of Projected Limited Loss Rate per \$100 of Payroll (7)X(10) (11)	Present Value of Projected Ultimate Limited Losses (8)X(11)X10 (12)
2015/16	\$2.69	\$30,401	\$818,000	0.93	\$2.51	\$763,000
2016/17	2.75	31,314	860,000	0.93	2.56	802,000

(2) is from Exhibit WC-9.

(3) was provided by the Client.

(5) is from Exhibit WC-14 and adjusted for change in retention.

(7) for 2015/16 is based on (6) and actuarial judgment.

(7) for 2016/17 and subsequent are based on 2015/16 plus the trend in Exhibit WC-14.

(8) to 2016/17 was provided by the Client. Other claim periods are based on a 2% trend.

(10) is based on a 2% interest rate and the payout pattern in Exhibit WC-2.

Estimated Outstanding Losses as of June 30, 2015

Claim Period (1)	Limited Paid Losses 6/30/15 (2)	Limited Case Reserves 6/30/15 (3)	Limited Reported Incurred Losses 6/30/15 (4)	Projected Ultimate Limited Losses (5)	Estimated IBNR 6/30/15 (5)-(4) (6)	Estimated Outstanding Losses 6/30/15 (3)+(6) (7)	Present Value Factor (8)	Present Value of Estimated Outstanding Losses 6/30/15 (7)X(8) (9)
to 1995/96	\$6,376,000	\$224,000	\$6,600,000	\$6,622,400	\$22,400	\$246,400	0.95	\$234,517
1996/97	569,000	34,000	603,000	606,400	3,400	37,400	0.93	34,898
1997/98	203,000	10,000	213,000	214,000	1,000	11,000	0.91	10,063
1998/99	654,000	0	654,000	654,000	0	0	0.90	0
1999/00	713,000	0	713,000	713,000	0	0	0.88	0
2000/01	406,000	27,000	433,000	436,000	3,000	30,000	0.86	25,862
2001/02	660,000	0	660,000	660,000	0	0	0.87	0
2002/03	444,000	27,000	471,000	474,000	3,000	30,000	0.89	26,811
2003/04	72,000	0	72,000	72,000	0	0	0.92	0
2004/05	621,000	0	621,000	621,000	0	0	0.93	0
2005/06	2,218,000	110,000	2,328,000	2,364,000	36,000	146,000	0.94	136,953
2006/07	393,000	0	393,000	393,000	0	0	0.94	0
2007/08	332,000	214,000	546,000	702,000	156,000	370,000	0.94	346,995
2008/09	294,000	50,000	344,000	386,000	42,000	92,000	0.93	85,996
2009/10	222,000	30,000	252,000	278,000	26,000	56,000	0.93	52,258
2010/11	725,000	62,000	787,000	864,000	77,000	139,000	0.93	129,173
2011/12	482,000	230,000	712,000	859,000	147,000	377,000	0.94	353,155
2012/13	298,000	126,000	424,000	539,000	115,000	241,000	0.93	225,268
2013/14	309,000	342,000	651,000	990,000	339,000	681,000	0.94	637,964
2014/15	658,000	500,000	1,158,000	1,532,000	374,000	874,000	0.94	820,736
Total	\$16,649,000	\$1,986,000	\$18,635,000	\$19,979,800	\$1,344,800	\$3,330,800		\$3,120,649

(2), (3) and (4) are net of specific self insured retention and aggregate retention.

(5) is from Exhibit WC-9.

(8) is based on a 2% interest rate and the payout pattern in Exhibit WC-2.

Projected Losses Paid July 1, 2015 to June 30, 2016

Claim Period (1)	Months of Development 6/30/15 (2)	Percent Losses Paid (3)	Months of Development 6/30/16 (4)	Percent Losses Paid (5)	Percent Outstanding Losses Paid 7/1/15 to 6/30/16 [(5)-(3)]/ [100.0%-(3)] (6)	Estimated Outstanding Losses 6/30/15 (7)	Projected Losses Paid (6)X(7) (8)	Estimated Outstanding Losses 6/30/16 (7)-(8) (9)	Present Value Factor (10)	Present Value of Estimated Outstanding Losses 6/30/16 (9)X(10) (11)
to 1995/96	240.0	99.0%	252.0	99.3%	30.0%	\$246,400	\$73,920	\$172,480	0.95	\$164,430
1996/97	228.0	99.0%	240.0	99.0%	100.0%	37,400	37,400	0	0.95	0
1997/98	216.0	99.0%	228.0	99.0%	100.0%	11,000	11,000	0	0.93	0
1998/99	204.0	99.0%	216.0	99.0%	100.0%	0	0	0	0.91	0
1999/00	192.0	99.0%	204.0	99.0%	100.0%	0	0	0	0.90	0
2000/01	180.0	99.0%	192.0	99.0%	100.0%	30,000	30,000	0	0.88	0
2001/02	168.0	98.8%	180.0	99.0%	16.6%	0	0	0	0.86	0
2002/03	156.0	98.3%	168.0	98.8%	29.3%	30,000	8,782	21,218	0.87	18,457
2003/04	144.0	97.3%	156.0	98.3%	36.7%	0	0	0	0.89	0
2004/05	132.0	95.9%	144.0	97.3%	35.2%	0	0	0	0.92	0
2005/06	120.0	94.0%	132.0	95.9%	31.5%	146,000	45,975	100,025	0.93	93,243
2006/07	108.0	91.7%	120.0	94.0%	27.7%	0	0	0	0.94	0
2007/08	96.0	89.1%	108.0	91.7%	24.4%	370,000	90,388	279,612	0.94	262,631
2008/09	84.0	86.1%	96.0	89.1%	21.6%	92,000	19,864	72,136	0.94	67,651
2009/10	72.0	82.0%	84.0	86.1%	22.7%	56,000	12,715	43,285	0.93	40,460
2010/11	60.0	77.7%	72.0	82.0%	19.1%	139,000	26,608	112,392	0.93	104,881
2011/12	48.0	67.0%	60.0	77.7%	32.4%	377,000	122,281	254,719	0.93	236,712
2012/13	36.0	57.2%	48.0	67.0%	22.8%	241,000	54,835	186,165	0.94	174,390
2013/14	24.0	40.9%	36.0	57.2%	27.7%	681,000	188,381	492,619	0.93	460,462
2014/15	12.0	17.0%	24.0	40.9%	28.7%	874,000	251,231	622,769	0.94	583,413
2015/16	0.0	0.0%	12.0	17.0%	17.0%	818,000	139,343	678,657	0.94	637,298
Total						\$4,148,800	\$1,112,723	\$3,036,077		\$2,844,028

(3) and (5) are from Exhibit WC-2.

(7) to 2014/15 is from Exhibit WC-11. The amount for 2015/16 is from Exhibit WC-10.

(10) is based on a 2% interest rate and the payout pattern in Exhibit WC-2.

Projected Losses Paid July 1, 2016 to June 30, 2017

Claim Period (1)	Months of Development 6/30/16 (2)	Percent Losses Paid (3)	Months of Development 6/30/17 (4)	Percent Losses Paid (5)	Percent Outstanding Losses Paid 7/1/16 to 6/30/17 [(5)-(3)]/ [100.0%-(3)] (6)	Estimated Outstanding Losses 6/30/16 (7)	Projected Losses Paid (6)X(7) (8)	Estimated Outstanding Losses 6/30/17 (7)-(8) (9)	Present Value Factor (10)	Present Value of Estimated Outstanding Losses 6/30/17 (9)X(10) (11)
to 1995/96	252.0	99.3%	264.0	99.5%	30.0%	\$172,480	\$51,744	\$120,736	0.96	\$115,341
1996/97	240.0	99.0%	252.0	99.3%	30.0%	0	0	0	0.95	0
1997/98	228.0	99.0%	240.0	99.0%	100.0%	0	0	0	0.95	0
1998/99	216.0	99.0%	228.0	99.0%	100.0%	0	0	0	0.93	0
1999/00	204.0	99.0%	216.0	99.0%	100.0%	0	0	0	0.91	0
2000/01	192.0	99.0%	204.0	99.0%	100.0%	0	0	0	0.90	0
2001/02	180.0	99.0%	192.0	99.0%	100.0%	0	0	0	0.88	0
2002/03	168.0	98.8%	180.0	99.0%	16.6%	21,218	3,530	17,688	0.86	15,248
2003/04	156.0	98.3%	168.0	98.8%	29.3%	0	0	0	0.87	0
2004/05	144.0	97.3%	156.0	98.3%	36.7%	0	0	0	0.89	0
2005/06	132.0	95.9%	144.0	97.3%	35.2%	100,025	35,171	64,854	0.92	59,564
2006/07	120.0	94.0%	132.0	95.9%	31.5%	0	0	0	0.93	0
2007/08	108.0	91.7%	120.0	94.0%	27.7%	279,612	77,583	202,029	0.94	189,510
2008/09	96.0	89.1%	108.0	91.7%	24.4%	72,136	17,622	54,514	0.94	51,203
2009/10	84.0	86.1%	96.0	89.1%	21.6%	43,285	9,346	33,939	0.94	31,829
2010/11	72.0	82.0%	84.0	86.1%	22.7%	112,392	25,520	86,872	0.93	81,202
2011/12	60.0	77.7%	72.0	82.0%	19.1%	254,719	48,760	205,959	0.93	192,196
2012/13	48.0	67.0%	60.0	77.7%	32.4%	186,165	60,383	125,782	0.93	116,890
2013/14	36.0	57.2%	48.0	67.0%	22.8%	492,619	112,086	380,533	0.94	356,464
2014/15	24.0	40.9%	36.0	57.2%	27.7%	622,769	172,273	450,496	0.93	421,088
2015/16	12.0	17.0%	24.0	40.9%	28.7%	678,657	195,080	483,577	0.94	453,018
2016/17	0.0	0.0%	12.0	17.0%	17.0%	860,000	146,497	713,503	0.94	670,020
Total						\$3,896,077	\$955,595	\$2,940,482		\$2,753,573

(3) and (5) are from Exhibit WC-2.

(7) to 2015/16 is from Exhibit WC-12. (9). The amount for 2016/17 is from Exhibit WC-10.

(10) is based on a 2% interest rate and the payout pattern in Exhibit WC-2.

Loss Rate and Severity Trend

I. Benefit Level Changes

Effective Date (1)	Benefit Level Change (2)	Cumulative Benefit Level Change (3)
01/01/06	0.965	0.965
01/01/07	1.006	0.971
02/15/07	1.011	0.981
01/01/08	1.022	1.003
01/01/09	1.013	1.016
01/01/10	1.001	1.017
01/01/12	1.001	1.018
01/01/13	0.962	0.979
01/01/14	1.058	1.036
01/01/15	1.004	1.040

II. Loss Rate and Severity Trend

Claim Period (1)	Benefit Trend (2015/16 = 1.000) (2)	Residual Trend (2015/16 = 1.000) (3)	Retention Index (2015/16 = 1.000) (4)	Loss Rate Trend (2015/16 = 1.000) (2)X(3)X(4) (5)	Wage Trend (2015/16 = 1.000) (6)	Severity Trend (2015/16 = 1.000) (5)X(6) (7)
2005/06	1.078	1.219	1.020	1.341	1.344	1.802
2006/07	1.071	1.195	1.020	1.305	1.305	1.703
2007/08	1.049	1.172	1.000	1.229	1.267	1.556
2008/09	1.031	1.149	1.000	1.184	1.230	1.456
2009/10	1.023	1.126	1.000	1.153	1.194	1.376
2010/11	1.023	1.104	1.000	1.129	1.159	1.309
2011/12	1.022	1.082	1.000	1.107	1.126	1.246
2012/13	1.042	1.061	1.000	1.105	1.093	1.208
2013/14	1.032	1.040	1.000	1.074	1.061	1.140
2014/15	1.002	1.020	1.000	1.022	1.030	1.053
2015/16	1.000	1.000	1.000	1.000	1.000	1.000
2016/17	1.000	0.980	1.000	0.980	0.971	0.952

Section I, (2) and (3) reflect NCCI data.

Section II, (2) is based on Section I, (2).

Section II, (3) is based on 2% trend per actuarial judgment.

Section II, (4) is based on industry statistics and actuarial judgment.

Section II, (6) is based on 3% trend.

CLIENT
WORKERS' COMPENSATION

Exhibit WC-15

List of Large Claims
Reported Incurred Losses Greater Than \$150,000

Claim Number (1)	Date of Loss (2)	Claim Period (3)	Specific Self-Insured Retention (4)	Unlimited Paid Losses 6/30/15 (5)	Unlimited Case Reserves 6/30/15 (6)	Unlimited Reported Incurred Losses 6/30/15 (7)
Client-0001	1/3/1978	to 1995/96	\$250,000	\$170,150	\$0	\$170,150
Client-0002	2/15/1978	to 1995/96	250,000	190,940	74,970	265,910
Client-0003	9/26/1979	to 1995/96	250,000	136,080	48,810	184,890
Client-0004	1/5/1981	to 1995/96	250,000	153,630	0	153,630
Client-0005	8/16/1983	to 1995/96	100,000	310,870 *	35,610	346,480
Client-0006	12/5/1983	to 1995/96	100,000	158,330 *	0	158,330
Client-0007	12/15/1983	to 1995/96	100,000	146,440 *	17,210	163,650
Client-0008	1/23/1985	to 1995/96	100,000	231,080 *	0	231,080
Client-0009	8/15/1985	to 1995/96	150,000	151,840 *	14,400	166,240
Client-0010	3/31/1987	to 1995/96	200,000	207,360 *	0	207,360
Client-0011	6/23/1987	to 1995/96	200,000	263,820 *	0	263,820
Client-0012	5/21/1988	to 1995/96	250,000	161,290	0	161,290
Client-0013	8/5/1988	to 1995/96	300,000	338,070 *	83,280	421,350
Client-0014	3/30/1995	to 1995/96	300,000	312,730 *	0	312,730
Client-0015	4/14/1997	1996/97	300,000	613,070 *	2,770	615,840
Client-0016	6/12/1998	1997/98	250,000	193,700	10,300	204,000
Client-0017	2/15/1999	1998/99	250,000	434,830 *	5,040	439,870
Client-0018	5/26/1999	1998/99	250,000	285,010 *	0	285,010
Client-0019	2/15/2000	1999/00	250,000	420,180 *	243,730	663,910
Client-0020	5/9/2000	1999/00	250,000	413,770 *	314,210	727,980
Client-0021	6/21/2001	2000/01	250,000	411,000 *	101,620	512,620
Client-0022	8/1/2001	2001/02	325,000	300,340	0	300,340
Client-0023	12/15/2001	2001/02	325,000	217,050	0	217,050
Client-0024	8/26/2002	2002/03	500,000	266,780	27,190	293,970
Client-0025	1/10/2005	2004/05	500,000	349,200	0	349,200
Client-0026	7/5/2005	2005/06	750,000	188,310	0	188,310
Client-0027	10/14/2005	2005/06	750,000	418,020	85,290	503,310
Client-0028	10/26/2005	2005/06	750,000	659,410	0	659,410
Client-0029	2/9/2006	2005/06	750,000	258,290	0	258,290
Client-0030	3/2/2008	2007/08	1,000,000	132,970	213,680	346,650
Client-0031	10/5/2010	2010/11	1,000,000	173,310	0	173,310
Client-0032	11/10/2010	2010/11	1,000,000	155,020	43,320	198,340
Client-0033	4/18/2011	2010/11	1,000,000	268,380	0	268,380
Client-0034	2/16/2012	2011/12	1,000,000	149,180	108,880	258,060
Client-0035	2/27/2012	2011/12	1,000,000	190,630	72,100	262,730
Client-0036	1/14/2013	2012/13	1,000,000	141,660	42,640	184,300
Client-0037	9/23/2013	2013/14	1,000,000	40,210	142,400	182,610
Client-0038	10/20/2014	2014/15	1,000,000	363,120 *	132,880	496,000 *

Amounts are gross of excess insurance and net of other recoveries.

The claim(s) indicated by a "*" have been limited in development.

(1) through (7) were provided by the Client.

Size of Loss Distribution

I. Reported Claim Count

Layer (1)	Prior (2)	2010/11 (3)	2011/12 (4)	2012/13 (5)	2013/14 (6)	2014/15 (7)	Total (2) ... (7) (8)	Non-Zero Claim Cumulative Total (9)	Non-Zero Claim Cumulative % of Total (10)
0	55	0	0	0	0	2	57		
0.01 - 5,000	726	26	11	10	8	13	794	794	74.3%
5,000 - 10,000	47	1	0	1	1	2	52	846	79.1%
10,000 - 25,000	65	2	1	1	1	3	73	919	86.0%
25,000 - 50,000	47	2	1	1	1	1	53	972	90.9%
50,000 - 100,000	33	0	2	2	5	4	46	1,018	95.2%
100,000 - 250,000	23	2	0	1	1	2	29	1,047	97.9%
250,000 - 500,000	12	1	2	0	0	1	16	1,063	99.4%
500,000 - 750,000	6	0	0	0	0	0	6	1,069	100.0%
750,000 - 1,000,000	0	0	0	0	0	0	0	1,069	100.0%
Over 1,000,000	0	0	0	0	0	0	0	1,069	100.0%
Total	1,014	34	17	16	17	28	1,126	1,069	

II. Total Reported Incurred Losses

Layer (1)	Prior (2)	2010/11 (3)	2011/12 (4)	2012/13 (5)	2013/14 (6)	2014/15 (7)	Total (2) ... (7) (8)	Non-Zero Claim Cumulative Total (9)	Non-Zero Claim Cumulative % of Total (10)
0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		
0.01 - 5,000	652,994	25,846	13,124	11,876	6,561	22,435	732,836	732,836	3.5%
5,000 - 10,000	324,643	7,733	0	8,450	6,438	12,000	359,263	1,092,099	5.2%
10,000 - 25,000	1,050,812	41,048	19,101	23,000	18,447	43,679	1,195,887	2,287,986	10.9%
25,000 - 50,000	1,733,876	72,559	48,052	32,984	47,377	42,000	1,976,849	4,264,835	20.2%
50,000 - 100,000	2,402,126	0	110,551	163,664	389,684	336,720	3,402,745	7,667,579	36.4%
100,000 - 250,000	3,604,088	371,648	0	184,295	182,614	205,543	4,548,188	12,215,767	58.0%
250,000 - 500,000	3,883,626	268,380	520,790	0	0	496,000	5,168,796	17,384,563	82.5%
500,000 - 750,000	3,683,079	0	0	0	0	0	3,683,079	21,067,642	100.0%
750,000 - 1,000,000	0	0	0	0	0	0	0	21,067,642	100.0%
Over 1,000,000	0	0	0	0	0	0	0	21,067,642	100.0%
Total	\$17,335,044	\$787,214	\$711,618	\$424,269	\$651,119	\$1,158,377	\$21,067,642	\$21,067,642	

Amounts are gross of excess insurance and net of other recoveries.

Data was provided by the Client.



APPENDIX D

Required Forms



CITY OF AUSTIN, TEXAS
Purchasing Office
REQUEST FOR PROPOSAL (RFP)
OFFER SHEET

SOLICITATION NO: RFP 5800 TLF0304

DATE ISSUED: August 8, 2016

REQUISITION NO.: 16072600594

COMMODITY CODE: 94612

COMMODITY/SERVICE DESCRIPTION: Actuarial Services for Workers' Compensation Program

PRE-PROPOSAL CONFERENCE TIME AND DATE: Monday, August 22, 2016 at 10:00am CST

LOCATION: Municipal Building, 124 West 8th Street, Conference Room 330.1, Austin, Texas 78701

Call in by dialing (512) 974-9300, participant code 464410

FOR CONTRACTUAL AND TECHNICAL ISSUES CONTACT THE FOLLOWING AUTHORIZED CONTACT PERSON:

Tracy Franklin
Corporate Contract Administrator

Phone: (512) 974-2034

E-Mail: tracy.franklin@austintexas.gov

Sandy Brandt
Senior Buyer Specialist

Phone: (512) 974-1783

E-Mail: sandy.brandt@austintexas.gov

PROPOSAL DUE PRIOR TO: Thursday, September 8, 2016 at 2:00pm CST

PROPOSAL CLOSING TIME AND DATE: Thursday, September 8, 2016 at 2:00pm CST

LOCATION: MUNICIPAL BUILDING, 124 W 8th STREET
RM 308, AUSTIN, TEXAS 78701

LIVE SOLICITATION CLOSING ONLINE: For RFPs, only the names of respondents will be read aloud.

For information on how to attend the Solicitation Closing online, please select this link:

<http://www.austintexas.gov/departments/bid-opening-webinars>

When submitting a sealed Offer and/or Compliance Plan, use the proper address for the type of service desired, as shown below:

Address for US Mail (Only)	Address for FedEx, UPS, Hand Delivery or Courier Service
City of Austin	City of Austin, Municipal Building
Purchasing Office-Response Enclosed for RFP 5800 TLF0304	Purchasing Office-Response Enclosed for RFP 5800 TLF0304
P.O. Box 1088	124 W 8 th Street, Rm 308
Austin, Texas 78767-8845	Austin, Texas 78701
	Reception Phone: (512) 974-2500

NOTE: Offers must be received and time stamped in the Purchasing Office prior to the Due Date and Time. It is the responsibility of the Offeror to ensure that their Offer arrives at the receptionist's desk in the Purchasing Office prior to the time and date indicated. Arrival at the City's mailroom, mail terminal, or post office box will not constitute the Offer arriving on time. See Section 0200 for additional solicitation instructions.

All Offers (including Compliance Plans) that are not submitted in a sealed envelope or container will not be considered.

SUBMIT 1 ORIGINAL AND 1 ELECTRONIC COPY OF YOUR RESPONSE ON FLASH DRIVE

*****SIGNATURE FOR SUBMITTAL REQUIRED ON PAGE 3 OF THIS DOCUMENT*****

This solicitation is comprised of the following required sections. Please ensure to carefully read each section including those incorporated by reference. By signing this document, you are agreeing to all the items contained herein and will be bound to all terms.

SECTION NO.	TITLE	PAGES
0100	STANDARD PURCHASE DEFINITIONS	*
0200	STANDARD SOLICITATION INSTRUCTIONS	*
0300	STANDARD PURCHASE TERMS AND CONDITIONS	*
0400	SUPPLEMENTAL PURCHASE PROVISIONS	4
0500	SCOPE OF WORK	3
0600	PROPOSAL PREPARATION INSTRUCTIONS & EVALUATION FACTORS	3
0605	LOCAL BUSINESS PRESENCE IDENTIFICATION FORM – Complete and return	2
0800	NON-DISCRIMINATION CERTIFICATION	*
0805	NON-SUSPENSION OR DEBARMENT CERTIFICATION	*
0810	NON-COLLUSION, NON-CONFLICT OF INTEREST, AND ANTI-LOBBYING CERTIFICATION	*
0815	LIVING WAGES CONTRACTOR CERTIFICATION	1
0835	NONRESIDENT BIDDER PROVISIONS – Complete and return	1
0900	MBE/WBE PROCUREMENT PROGRAM PACKAGE NO GOALS FORM – Complete & return	2
	Attachment 1: List of Exhibits from the City's most recent actuarial report	2
	Attachment 2: Reference Information – Complete & return	1
	Attachment 3: Fee Proposal Summary – Complete & return	1

*** Documents are hereby incorporated into this Solicitation by reference, with the same force and effect as if they were incorporated in full text. The full text versions of the * Sections are available on the Internet at the following online address:**

http://www.austintexas.gov/financeonline/vendor_connection/index.cfm#STANDARDBIDDOCUMENTS

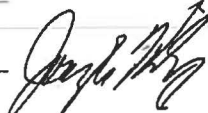
If you do not have access to the Internet, you may obtain a copy of these Sections from the City of Austin Purchasing Office located in the Municipal Building, 124 West 8th Street, Room #308 Austin, Texas 78701; phone (512) 974-2500. Please have the Solicitation number available so that the staff can select the proper documents. These documents can be mailed, expressed mailed, or faxed to you.

INTERESTED PARTIES DISCLOSURE

In addition, Section 2252.908 of the Texas Government Code requires the successful offeror to complete a Form 1295 "Certificate of Interested Parties" that is signed and notarized for a contract award requiring council authorization. The "Certificate of Interested Parties" form must be completed on the Texas Ethics Commission website, printed, signed and submitted to the City by the authorized agent of the Business Entity with acknowledgment that disclosure is made under oath and under penalty of perjury prior to final contract execution.

https://www.ethics.state.tx.us/whatsnew/elf_info_form1295.htm

The undersigned, by his/her signature, represents that he/she is submitting a binding offer and is authorized to bind the respondent to fully comply with the solicitation document contained herein. The Respondent, by submitting and signing below, acknowledges that he/she has received and read the entire document packet sections defined above including all documents incorporated by reference, and agrees to be bound by the terms therein.

Company Name: Aon Risk Consultants, Inc.
Company Address: 100 Bayview Circle, Suite 100
City, State, Zip: Newport Beach, CA 92660
Federal Tax ID No. [REDACTED]
Printed Name of Officer or Authorized Representative: Joseph Kilroy
Title: Managing Director and National Practice Leader
Signature of Officer or Authorized Representative: 
Date: September 1, 2016
Email Address: joseph.kilroy@aon.com
Phone Number: 610-834-3331

*** Proposal response must be submitted with this Offer sheet to be considered for award**

Section 0605: Local Business Presence Identification

A firm (Offeror or Subcontractor) is considered to have a Local Business Presence if the firm is headquartered in the Austin Corporate City Limits, or has a branch office located in the Austin Corporate City Limits in operation for the last five (5) years, currently employs residents of the City of Austin, Texas, and will use employees that reside in the City of Austin, Texas, to support this Contract. The City defines headquarters as the administrative center where most of the important functions and full responsibility for managing and coordinating the business activities of the firm are located. The City defines branch office as a smaller, remotely located office that is separate from a firm's headquarters that offers the services requested and required under this solicitation.

OFFEROR MUST SUBMIT THE FOLLOWING INFORMATION FOR EACH LOCAL BUSINESS (INCLUDING THE OFFEROR, IF APPLICABLE) TO BE CONSIDERED FOR LOCAL PRESENCE.

NOTE: ALL FIRMS MUST BE IDENTIFIED ON THE MBE/WBE COMPLIANCE PLAN OR NO GOALS UTILIZATION PLAN (REFERENCE SECTION 0900).

USE ADDITIONAL PAGES AS NECESSARY

OFFEROR:

Name of Local Firm	Aon, Aon Risk Solutions, Aon Engineering, and Aon Hewitt	
Physical Address	9442 Capital of TX Highway N, Suite 830, Austin, TX 78759	
Is your headquarters located in the Corporate City Limits? (circle one)	Yes	No
or		
Has your branch office been located in the Corporate City Limits for the last 5 years?		YES
Will your business be providing additional economic development opportunities created by the contract award? (e.g., hiring, or employing residents of the City of Austin or increasing tax revenue?)	Yes	No

SUBCONTRACTOR(S):

Name of Local Firm	N/A	
Physical Address		
Is your headquarters located in the Corporate City Limits? (circle one)	Yes	No
or		
Has your branch office been located in the Corporate City Limits for the last 5 years	Yes	No

Will your business be providing additional economic development opportunities created by the contract award? (e.g., hiring, or employing residents of the City of Austin or increasing tax revenue?)	Yes	No

SUBCONTRACTOR(S):

Name of Local Firm	N/A	
Physical Address		
Is your headquarters located in the Corporate City Limits? (circle one)	Yes	No
or		
Has your branch office been located in the Corporate City Limits for the last 5 years	Yes	No
Will your business be providing additional economic development opportunities created by the contract award? (e.g., hiring, or employing residents of the City of Austin or increasing tax revenue?)	Yes	No

Section 0815: Living Wages Contractor Certification

Company Name Aon Risk Consultants, Inc.

Pursuant to the Living Wages provision (reference Section 0400, Supplemental Purchase Provisions) the Contractor is required to pay to all employees directly assigned to this City contract a minimum Living Wage equal to or greater than \$13.03 per hour.

The below listed employees of the Contractor who are directly assigned to this contract are compensated at wage rates equal to or greater than \$13.03 per hour.

Employee Name	Employee Job Title
Mujtaba Dattoo	Actuarial Practice Leader
Brenda Craigmyle	Senior Actuarial Analyst
Tracy Fleck	Consultant & Actuary
Darci Noonan	Senior Consultant & Actuary
Daniel Park	Senior Actuarial Analyst
Ziruo Wang	Actuarial Analyst

USE ADDITIONAL PAGES AS NECESSARY

- (1) All future employees assigned to this Contract will be paid a minimum Living Wage equal to or greater than \$13.03 per hour.
- (2) Our firm will not retaliate against any employee claiming non-compliance with the Living Wage provision.

A Contractor who violates this Living Wage provision shall pay each affected employee the amount of the deficiency for each day the violation continues. Willful or repeated violations of the provision or fraudulent statements made on this certification may result in termination of this Contract for Cause and subject the firm to possible suspension or debarment, or result in legal action.

Section 0835: Non-Resident Bidder Provisions

Company Name Aon Risk Consultants, Inc.

- A. Bidder must answer the following questions in accordance with Vernon's Texas Statutes and Codes Annotated Government Code 2252.002, as amended:

Is the Bidder that is making and submitting this Bid a "Resident Bidder" or a "non-resident Bidder"?

Answer: non-resident Bidder

- (1) Texas Resident Bidder- A Bidder whose principle place of business is in Texas and includes a Contractor whose ultimate parent company or majority owner has its principal place of business in Texas.
(2) Nonresident Bidder- A Bidder who is not a Texas Resident Bidder.

- B. If the Bidder is a "Nonresident Bidder" does the state, in which the Nonresident Bidder's principal place of business is located, have a law requiring a Nonresident Bidder of that state to bid a certain amount or percentage under the Bid of a Resident Bidder of that state in order for the nonresident Bidder of that state to be awarded a Contract on such bid in said state?

Answer: No Which State: CA

- C. If the answer to Question B is "yes", then what amount or percentage must a Texas Resident Bidder bid under the bid price of a Resident Bidder of that state in order to be awarded a Contract on such bid in said state?

Answer: _____

Section 0900: Minority- and Women-Owned Business Enterprise (MBE/WBE) Procurement Program No Goals Form

SOLICITATION NUMBER:	RFP 5800 TLF0304 ACTUARIAL SERVICES
PROJECT NAME:	

The City of Austin has determined that no goals are appropriate for this project. Even though goals were not assigned for this solicitation, the Bidder/Proposer is required to comply with the City's MBE/WBE Procurement Program, if areas of subcontracting are identified.

If any service is needed to perform the Contract and the Bidder/Proposer does not perform the service with its own workforce or if supplies or materials are required and the Bidder/Proposer does not have the supplies or materials in its inventory, the Bidder/Proposer shall contact the Small and Minority Business Resources Department (SMBR) at (512) 974-7600 to obtain a list of MBE and WBE firms available to perform the service or provide the supplies or materials. The Bidder/Proposer must also make a Good Faith Effort to use available MBE and WBE firms. Good Faith Efforts include but are not limited to contacting the listed MBE and WBE firms to solicit their interest in performing on the Contract, using MBE and WBE firms that have shown an interest, meet qualifications, and are competitive in the market; and documenting the results of the contacts.

Will subcontractors or sub-consultants or suppliers be used to perform portions of this Contract?

No ☒ If no, please sign the No Goals Form and submit it with your Bid/Proposal in a sealed envelope

Yes ☐ If yes, please contact SMBR to obtain further instructions and an availability list and perform Good Faith Efforts. Complete and submit the No Goals Form and the No Goals Utilization Plan with your Bid/Proposal in a sealed envelope.

After Contract award, if your firm subcontracts any portion of the Contract, it is a requirement to complete Good Faith Efforts and the No Goals Utilization Plan, listing any subcontractor, sub-consultant, or supplier. Return the completed Plan to the Project Manager or the Contract Manager.

I understand that even though goals were not assigned, I must comply with the City's MBE/WBE Procurement Program if subcontracting areas are identified. I agree that this No Goals Form and No Goals Utilization Plan shall become a part of my Contract with the City of Austin.

Aon Risk Consultants, Inc.

Company Name

Joseph Kilroy Managing Director and National Practice Leader

Name and Title of Authorized Representative (Print or Type)


Signature

September 1, 2016

Date

Minority- and Women-Owned Business Enterprise (MBE/WBE) Procurement Program No Goals Utilization Plan
(Please duplicate as needed)

SOLICITATION NUMBER: RFP 5800 TLF0304
ACTUARIAL SERVICES

PROJECT NAME:

PRIME CONTRACTOR / CONSULTANT COMPANY INFORMATION

Name of Contractor/Consultant	N/A		
Address			
City, State Zip			
Phone Number		Fax Number	
Name of Contact Person			
Is Company City certified?	Yes <input type="checkbox"/> No <input type="checkbox"/> MBE <input type="checkbox"/> WBE <input type="checkbox"/> MBE/WBE Joint Venture <input type="checkbox"/>		

I certify that the information included in this No Goals Utilization Plan is true and complete to the best of my knowledge and belief. I further understand and agree that the information in this document shall become part of my Contract with the City of Austin.

Joseph Kilroy Managing Director and National Practice Leader

Name and Title of Authorized Representative (Print or Type)

September 1, 2016

Signature

Date

Provide a list of all proposed subcontractors / sub-consultants / suppliers that will be used in the performance of this Contract. Attach Good Faith Effort documentation if non MBE/WBE firms will be used.

Sub-Contractor / Sub-Consultant	N/A		
City of Austin Certified	MBE <input type="checkbox"/> WBE <input type="checkbox"/> Ethics / Gender Code: <input type="checkbox"/> Non-Certified		
Vendor ID Code			
Contact Person		Phone Number	
Amount of Subcontract	\$		
List commodity codes & description of services			

Sub-Contractor / Sub-Consultant	N/A		
City of Austin Certified	MBE <input type="checkbox"/> WBE <input type="checkbox"/> Ethics / Gender Code: <input type="checkbox"/> Non-Certified		
Vendor ID Code			
Contact Person		Phone Number	
Amount of Subcontract	\$		
List commodity codes & description of services			

FOR SMALL AND MINORITY BUSINESS RESOURCES DEPARTMENT USE ONLY:

Having reviewed this plan, I acknowledge that the proposer (HAS) or (HAS NOT) complied with City Code Chapter 2-9A/B/C/D, as amended.

Reviewing Counselor _____ Date _____ Director/Deputy Director _____ Date _____